ANNUAL REPORT

2021

ConnectingChemistry

BRENNTAG

KEY FINANCIAL FIGURES AT A GLANCE

CONSOLIDATED INCOME STATEMENT

		2021	2020	Change in %	Change in % (fx adj.)
Sales	EUR m	14,382.5	11,794.8	21.9	23.8
Operating gross profit	EUR m	3,379.0	2,869.4	17.8	19.6
Operating EBITDA	EUR m	1,344.6	1,057.7	27.1	29.5
Operating EBITDA / operating gross profit	%	39.8	36.9		
Profit after tax	EUR m	461.4	473.8	– 2.6	
Basic earnings per share	EUR	2.90	3.02		
Diluted earnings per share	EUR	2.89	3.02		

CONSOLIDATED BALANCE SHEET

		Dec. 31, 2021	Dec. 31, 2020
Total assets	EUR m	10,195.5	8,143.5
Equity	EUR m	3,995.3	3,611.6
Working capital	EUR m	2,109.8	1,346.6
Net financial liabilities	EUR m	2,070.3	1,339.9

CONSOLIDATED CASH FLOW

		2021	2020
Net cash provided by operating activities	EUR m	388.6	1,219.0
Investments in non-current assets (capex)	EUR m	– 214.2	– 201.9
Free cash flow	EUR m	424.6	1,054.6

KEY DATA ON THE BRENNTAG SHARES

		2021	2020
Share price	EUR	79.58	63.34
No. of shares (unweighted)		154,500,000	154,500,000
Market capitalization	EUR m	12,295	9,786
Free float	%	100.00	100.00

COMPANY PROFILE

Brenntag is the global market leader in chemicals and ingredients distribution. The company holds a central role in connecting customers and suppliers of the chemical industry. With its two global divisions Brenntag Essentials and Brenntag Specialties the company provides a full-line portfolio of industrial and specialty chemicals and ingredients as well as tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory know-how and digital solutions for a wide range of industries.

Brenntag operates a global network of about 700 locations in 78 countries. With its global workforce of more than 17,200 employees Brenntag generated sales of EUR 14,4 billion in 2021.

LETTER FROM THE CEO

IN THIS CHALLENGING ENVIRONMENT, BRENNTAG ACHIEVED OUTSTANDING RESULTS! WE ONCE AGAIN DEMONSTRATED THE RESILIENCE OF OUR BUSINESS MODEL UNDER ESPECIALLY DIFFICULT CONDITIONS AND MANAGED TO SUPPLY OUR CUSTOMERS RELIABLY AT ALL TIMES.

Dear shareholders,

We are looking back on what was in many respects an extraordinary financial year 2021, in which Brenntag's combined efforts produced record results! My thanks therefore go first of all to our employees, who contributed to this major success through their hard work.

Our market environment was shaped by a number of influencing factors, but we adapted to them well. Large parts of the world remained firmly in the grip of the COVID-19 pandemic in 2021. Global supply chains came and continue to come under considerable pressure. Added to this were logistics challenges caused, among other things, by the blockage of the Suez Canal, which in combination with rising global demand led to product shortages in some industries. 2021 was also impacted by higher energy prices, particularly in Europe and China. All this resulted in high levels of price volatility and strong increases in raw materials and transport costs.

In this challenging environment, Brenntag achieved outstanding results! We once again demonstrated the resilience of our business model under especially difficult conditions and managed to supply our customers reliably at all times. Our good relationships with our business partners were a crucial factor here.

The Brenntag Group increased operating gross profit by 19.6% to around EUR 3,380 million. Operating EBITDA came to around EUR 1,345 million, a rise of 29.5% compared with the previous year. Both of our divisions, Brenntag Essentials and Brenntag Specialties, faced the different macroeconomic challenges and, in the first year of our new operating model, were able to contribute in equal measure to this strong business performance.

The Brenntag Essentials division generated operating gross profit of around EUR 2,067 million and operating EBITDA of EUR 843 million. This represents growth of 28.6%. All segments contributed to this growth, with the EMEA and North America regions delivering a particularly strong performance.

The Brenntag Specialties division reported operating gross profit of around EUR 1,283 million. Operating EBITDA was up by 34.3% to around EUR 568 million. In this division, our focus industries Nutrition, Personal Care/HI&I, Material Science and Lubricants were particularly successful.

Free cash flow for 2021 stands at EUR 425 million. This is once again a strong free cash flow, even if – as expected – it does not match the exceptionally high prior-year figure. Profit after tax was roughly stable at EUR 461 million even though it was depressed by exceptional expenses as a result of excise duty payments and provisions. Earnings per share for 2021 were EUR 2.90.

Our transformation programme "Project Brenntag" made very good progress in all areas last year. By the end of 2021, we had already achieved more than half of the expected effects and goals. Since its introduction, "Project Brenntag" has so far delivered additional operating EBITDA of around EUR 120 million. "Project Brenntag" is the first step in our company's comprehensive transformation. It will lay solid foundations for sustainable organic earnings growth in the coming years and extend Brenntag's global market lead through a sharper focus, reduced complexity and even stronger partnerships with customers and suppliers.

We were particularly acquisitive last year, making acquisitions with a combined enterprise value of around EUR 440 million. This is the highest investment spend since 2015 and the second-highest since our stock market flotation. The acquired enterprises are a perfect fit with our strategy and ideally complement the Group in both divisions, Brenntag Essentials and Brenntag Specialties. We will continue to pursue our successful M&A approach going forward.

And we will hold on to our proven dividend policy. Brenntag has been a reliable dividend payer since the stock market listing, increasing the dividend for its shareholders every year. This goes for financial 2021 too and is therefore the eleventh dividend increase in succession. At the General Shareholders' Meeting in June this year, we will propose a dividend of EUR 1.45. This represents an increase of 7.4 % on the previous year. In total, we will therefore distribute more than EUR 224 million to our shareholders.

I am convinced that, over the long term, only those companies that act responsibly and contribute positively to society will be successful. Safety, sustainability and ESG have long been a high priority at Brenntag, but these are also areas in which we want to become better and better. For 2021, we set intermediate goals related to safety, the climate, sustainable procurement and ratings, and we met them all. For example, our Group accident rate, the TRIR[1)], fell to 3.1 (2020: 3.2). We also improved our CDP (Carbon Disclosure Project) rating by two levels up to a B rating. We want to realign and broaden our ESG approach for the future. We worked hard on that too last year and I am pleased to be able to give you further information on our new ESG approach and our goals in our new sustainability report, which will appear in April 2022.

1) TRIR (Total Recordable Injury Rate) – number of work related accidents requiring medical treatment beyond first aid per one million hours worked.

Brenntag made a good start to 2022 in these very extraordinary times! The war in the Ukraine is creating increasing geopolitical risks and further challenges for global supply chains are to be expected which will impact the global economy. In that respect, we are monitoring the developments closely. We anticipate that the challenging economic conditions will persist and do not expect the situation to normalize until sometime in the further course of the year.

Against this background, we expect the Brenntag Group's operating EBITDA for 2022 to be between EUR 1,450 million and EUR 1,550 million. This includes the potential efficiency improvement anticipated in the course of the measures under "Project Brenntag". The forecast takes into account the contribution from acquisitions and is based on the assumption at the date of its publication that exchange rates will remain stable. Any potential impact on the global economy arising from exceptional influencing factors such as the COVID-19 pandemic, current geopolitical developments, pressure on global supply chains, inflationary tendencies, and price volatility cannot be reliably forecasted and are therefore not included in this guidance.

Brenntag stands for reliability, the highest standards of safety and quality, and a forward-looking approach. I promise you, dear shareholders, that we will continue to manage the Group with due care – regardless of the challenges we have to meet along the way. Following a good start to 2022 and trusting in our own strength, we are looking forward with great confidence. Accompany us on this exciting, successful journey.

Essen, March 8, 2022

Dr Christian Kohlpaintner
Chief Executive Officer

TO OUR
SHAREHOLDERS

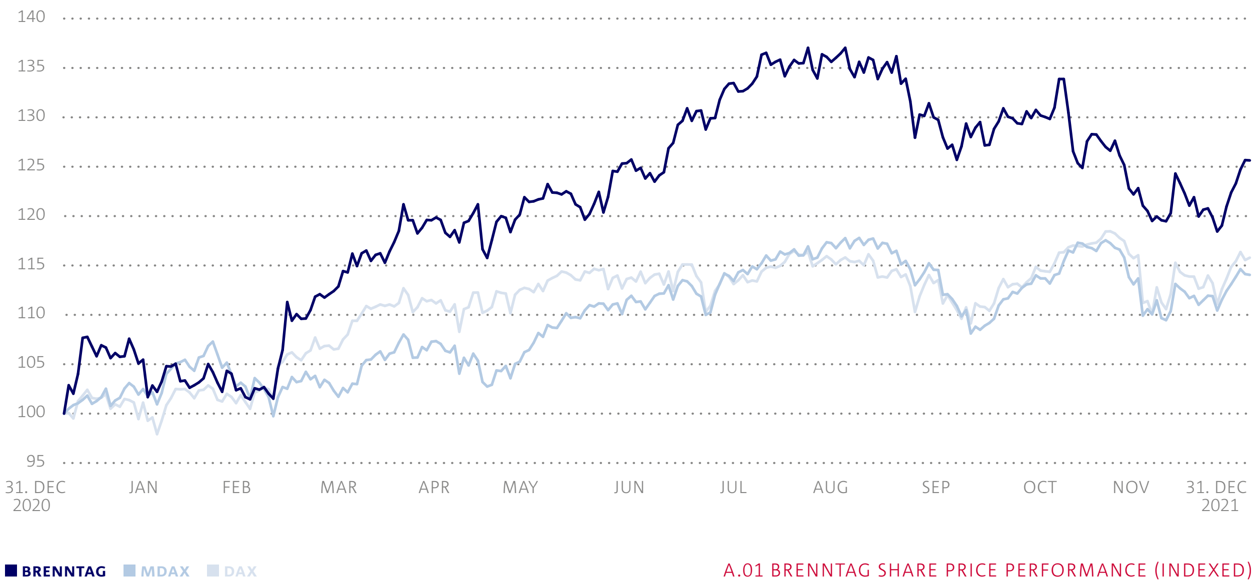
8 — 47

BRENNTAG ON THE STOCK MARKET

In 2021, global equity markets performed well overall. The world economy continued to be marked by the effects of the COVID-19 pandemic, but the global vaccination campaigns administering a range of different vaccines yielded results in that new infection numbers initially fell. In the second half of the year and particularly towards the end of last year, worries about the global rise in inflation and the continuing strains on global supply chains triggered greater volatility on equity markets. In addition, new variants of the SARS-CoV-2 virus once again led to constraints on economic activity in some countries and regions of the world.

September 2021 saw the completion of the biggest reform in the history of Germany's leading index, the DAX. The number of companies on the DAX was increased from 30 to 40 and the rules on admission to the index were revised. The main indicator for admission to the DAX is now the free float market capitalization. In recent years, Brenntag has raised the profile of its shares on the capital market amongst others by systematically expanding its business activities and through efficiency programmes, for example, as a result of which its market capitalization has increased significantly. Brenntag SE has been represented on Germany's leading index, the DAX, since September 20, 2021. In addition, Brenntag was included in the newly established DAX ESG Target index in March 2021.

Both Germany's leading index, the DAX, and the MDAX made a positive start to 2021 and, helped by the successful measures to contain the COVID-19 pandemic, continued this trend into the second half of the year. The DAX marked its annual low of 13,433 points on January 29, 2021. The index then rose continuously over the further course of the year, reaching its high of 16,251 points on November 17, 2021. It closed the year at 15,885 points, up 15.8% on the previous year.



A.01 BRENNTAG SHARE PRICE PERFORMANCE (INDEXED)

COVID-19 PANDEMIC

Coronavirus and the global COVID-19 pandemic have had the world in their grip since the beginning of 2020. Very early on, Brenntag put in place a global crisis management system to protect the health and safety of its workforce and business partners. Operating and administrative processes throughout the Group were reorganized and adapted in line with the new situation shaped by the pandemic. Both in 2020 and last year, we were thus able to maintain our business activities without interruption. As part of our responsibility as an employer, we put into effect strict safety and hygiene measures at all sites. In addition, home working arrangements and other protective measures were introduced. In accordance with the new legal requirements, the General Shareholders' Meeting in 2021 was a purely virtual event.

BRENNTAG SHARE PRICE PERFORMANCE

In an exceptional and challenging market environment, Brenntag shares performed exceptionally well in 2021. In a market consistently impacted by the COVID-19 pandemic and considerable pressure on global supply chains, the shares initially marked their annual low of EUR 64.26 on February 26, 2021. Over the further course of the year, Brenntag was once again able to demonstrate the resilience of its business model, especially in a difficult environment. In June and then again in September last year, the Board of Management raised the original earnings forecast published in March 2021. The Group's positive earnings performance and the successful implementation of the transformation programme "Project Brenntag" had a positive impact on the Brenntag share price. Among other aspects, the programme envisages a sustainable increase in operating EBITDA of EUR 220 million per year as of 2023. Brenntag shares reached their annual high on August 18, 2021 at EUR 86.80 and closed on the last day of trading in 2021 at EUR 79.58. Brenntag shares therefore gained 25.6% year on year. Including the dividend payment, Brenntag's annual share price performance of 27.9% was significantly above that of the benchmark indices, the DAX and the MDAX.

REFERENCE DATA ON THE BRENNTAG SHARES

As at December 31, 2021, the subscribed capital of Brenntag SE totalled EUR 154.5 million. The share capital is divided into 154,500,000 no-par value registered shares, each with a notional value of EUR 1.00.

Since going public in 2010, Brenntag shares have been listed in Deutsche Börse AG's Prime Standard segment. Since June 2010, Brenntag shares had been part of the MDAX, the second-largest German share index. Since September 2021, Brenntag SE has been a member of the the DAX.

With a market capitalization of EUR 11.906 billion at the end of 2021, Brenntag shares ranked 31st among all listed companies in Germany, according to the Deutsche Börse AG criteria.

Brenntag shares are included in major international indices such as selected MSCI indices and the STOXX Europe 600, which tracks the performance of the 600 largest companies from 17 European countries. In addition, Brenntag shares are included in various sustainability indices such as the DAX 50 ESG and the DAX ESG Target as well as the STOXX Europe 600 ESG and the MSCI Europe ESG Leaders Index.

	Dec. 31, 2021	Dec. 31, 2020
Number of shares	154,500,000	154,500,000
WKN	A1DAHH	A1DAHH
ISIN	DE000A1DAHH0	DE000A1DAHH0
Trading symbol	BNR	BNR
Market segments	Regulated Market/ Prime Standard	Regulated Market/ Prime Standard
Trading venues	Xetra and all German regional exchanges	Xetra and all German regional exchanges
Selected indices	MDAX (until 20 Sep, 2021), DAX, MSCI, STOXX Europe 600, DAX 50 ESG, DAX ESG Target STOXX Europe 600 ESG, MSCI Europe ESG Leaders	

A.02 KEY DATA ON THE SHARES

BRENNTAG IN DIALOGUE WITH THE CAPITAL MARKET

Our Investor Relations activities aim to deliver a fair communication policy that affords equal treatment of all stakeholders. Through openness and transparency, especially with regard to our sustainability goals, we wish to raise awareness of our company as an attractive investment case and further increase Brenntag's standing on the capital market. We communicate our company's business performance and strategy continuously, promptly and reliably. This further strengthens investors' trust in Brenntag and enables us to ensure that our shares are adequately valued on the capital market.

In 2021, we again attached significant importance to personal contact with capital market participants. The Board of Management and the Investor Relations team were in constant dialogue with investors and analysts worldwide. Capital market activities were expanded. We discussed the company's business performance in detail in numerous meetings at international road shows or investor conferences and at the General Shareholders' Meeting. Due to the COVID-19 pandemic, most meetings took place virtually. In addition to the above-mentioned activities, the Board of Management and the Investor Relations team regularly provided institutional investors, analysts and retail investors with information on Brenntag SE in numerous phone calls. Our Supervisory Board Chairwoman is also available for talks with investors. We provide comprehensive and up-to-date information on the Brenntag shares and the outstanding bonds in the Investor Relations section of the website at www.brenntag.com/investor relations.

This year, we will continue to present the company at numerous road shows and capital market events. You will find the latest list of dates in our financial calendar in the Investor Relations section of the Brenntag website at www.brenntag.com/financial calendar.

SHAREHOLDER STRUCTURE

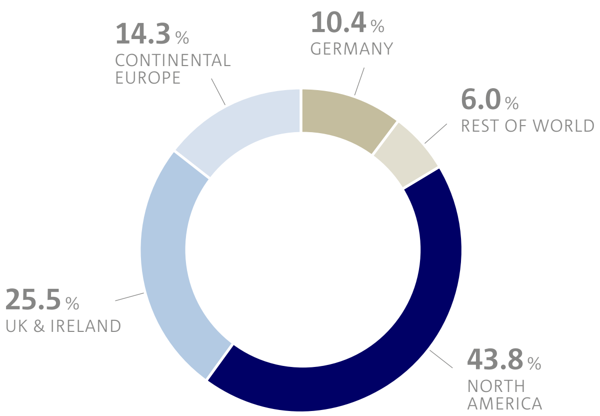
As at February 28, 2022, notification had been received from the following shareholders under Section 33 of the German Securities Trading Act (WpHG) that their share of the voting rights exceeded the 3% or 5% threshold:

Shareholder	Interest in %	Date of notification
BlackRock	>5	Apr. 23, 2021
Wellington Management Group	>5	Jul. 10, 2020
Burgundy Asset Management	>3	Oct. 16, 2018
The Capital Group Companies, Inc.	>3	Feb. 18, 2022
Columbia Threadneedle	>3	Dec. 23, 2021
Fidelity Management & Research Company LLC	>3	Feb. 9, 2022

A.03 SHAREHOLDER STRUCTURE

All voting rights notifications are published on the company's website at www.brenntag.com/voting rights announcements.

At the time of reporting, 100% of Brenntag shares were in free float as defined by Deutsche Börse. Based on the data collected most recently (September 30, 2021), more than 96% of the identified shares are held by institutional investors and organizations.



A.04 SHAREHOLDINGS OF INSTITUTIONAL INVESTORS BY REGION[1]

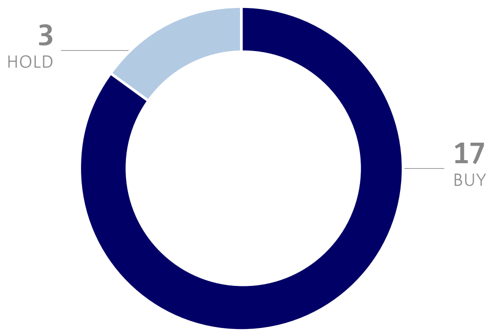
[1] Data collected as at September 30, 2021; Source: IHS Markit.

DIRECTORS' DEALINGS

In financial year 2021, 23 transactions were reported in directors' dealings notifications (managers' transactions). These can be viewed at any time on the Brenntag website at www.brenntag.com/managers transactions.

ANALYSTS' OPINIONS

Brenntag is continuously monitored and rated by a large number of international financial analysts. Currently (as at: February 28, 2022), 20 banks regularly publish research reports on our company's latest performance and issue recommendations. Seventeen analysts have a buy recommendation and three have a hold recommendation on the Brenntag shares. There is no sell recommendation at the present time. Many analysts value Brenntag highly as a growth stock with strong cash flow generation. Furthermore, they see additional potential in the implementation of the measures under the transformation programme "Project Brenntag". As at February 28, 2022, the average share price target was EUR 94.78.



A.05 ANALYSTS' OPINIONS

ANALYSTS COVERING BRENNTAG SE

- Baader Helvea
- Bank of America
- Bankhaus Metzler
- Barclays
- Berenberg Bank
- Citigroup
- Credit Suisse
- Deutsche Bank
- DZ Bank
- Exane BNP Paribas
- Goldman Sachs
- HSBC
- J. P. Morgan Cazenove
- Kepler Cheuvreux
- LBBW
- Oddo BHF
- Societe Generale
- Stifel
- UBS
- Warburg Research

Up-to-date information on this can be found on our website at www.brenntag.com/analysts-opinions.

CREDITOR RELATIONS

Brenntag has an extremely strong, long-term financial profile. We have a capital structure that enables the Group to cover its potential financing requirements at all times. This gives us a high degree of security, independence and financial flexibility. The most important component in the financing structure of Brenntag SE is the Group-wide syndicated loan agreement. In addition, three bonds have currently been placed on very favourable terms, underscoring Brenntag SE's high credit standing.

This strong credit profile maintained by Brenntag is reflected in investment grade ratings from the two international rating agencies Standard & Poor's and Moody's. Standard & Poor's assigns a "BBB" rating (outlook: positive). In September 2021, Standard & Poor's changed the outlook from "stable" to "positive". In March 2021, Moody's raised Brenntag SE's rating to "Baa2" (outlook: stable). Previously, Moody's had assigned Brenntag a "Baa3" rating (outlook: positive).

At the end of September 2021, Brenntag placed a new, EUR 500 million benchmark bond on the European capital market. This is the first bond issued by Brenntag under a newly established debt issuance programme. Brenntag Finance B.V. issued the bond with a maturity of eight years and a coupon of 0.50% on the Euro MTF market at the Luxembourg Stock Exchange beginning of October 2021. The issue price of the bond was 99.711%. Brenntag uses the proceeds from the bond issue to pay down existing financial liabilities and finance the Group's general business development.

		Bond (with Warrants) 2022		**Bond 2025**	**Bond 2029**
Issuer		Brenntag Finance B.V.		Brenntag Finance B.V.	Brenntag Finance B.V.
Listing		Frankfurt Open Market (Freiverkehr)		Luxembourg stock exchange	Luxembourg stock exchange
ISIN		DE000A1Z3XQ6		XS1689523840	XS2394063437
Aggregate principal amount	USD m	500	EUR m	600	500
Denomination	USD	250,000	EUR	1,000	100,000
Minimum transferrable amount	USD	250,000	EUR	100,000	100,000
Coupon	%	1.875	%	1.125	0.500
Interest payment	semi-annual	Jun. 2/Dec. 2	annual	27 Sep.	6 Oct.
Maturity		Dec. 2, 2022		Sep. 27, 2025	Oct. 6, 2029

A.06 KEY DATA ON THE BONDS OF THE BRENNTAG GROUP

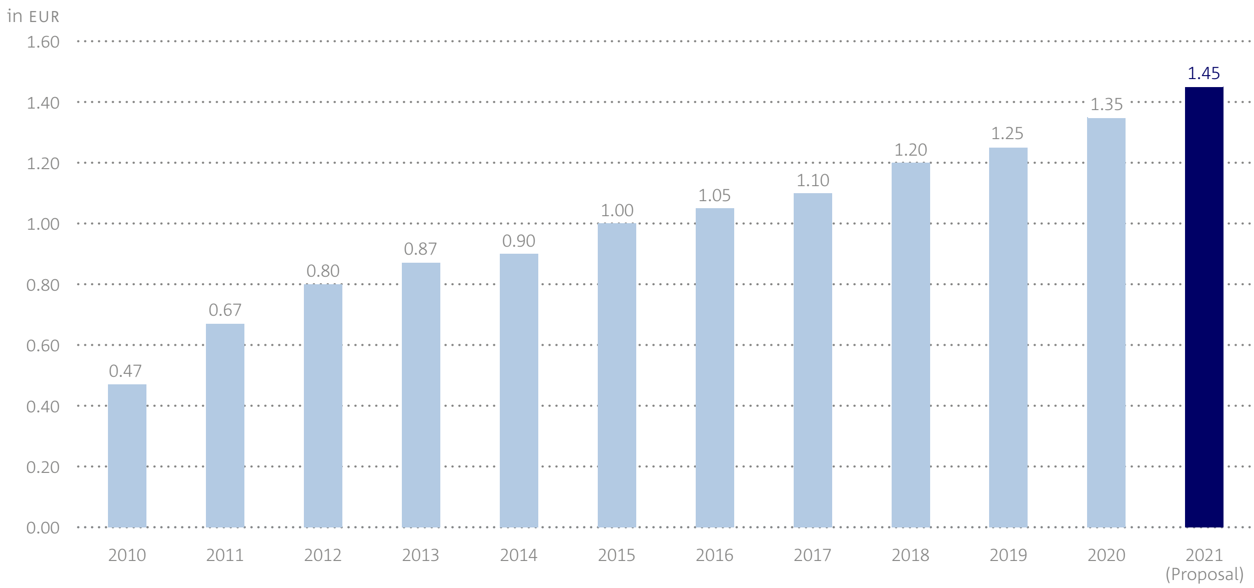
GENERAL SHAREHOLDERS' MEETING

The virtual, ordinary General Shareholders' Meeting of Brenntag SE was held in Essen on June 10, 2021. With attendance at around 79%, the shareholders were very well represented. The General Shareholders' Meeting confirmed all resolutions proposed by the Board of Management and the Supervisory Board with a large majority in each case. At the General Shareholders' Meeting, shareholders resolved to approve a new remuneration system for the Board of Management and the Supervisory Board as well as to change the remuneration of the Supervisory Board. The proposal to pay a dividend of EUR 1.35 per share was approved, representing an 8.0% increase compared with the previous year.

ATTRACTIVE DIVIDEND PROPOSAL FOR 2021

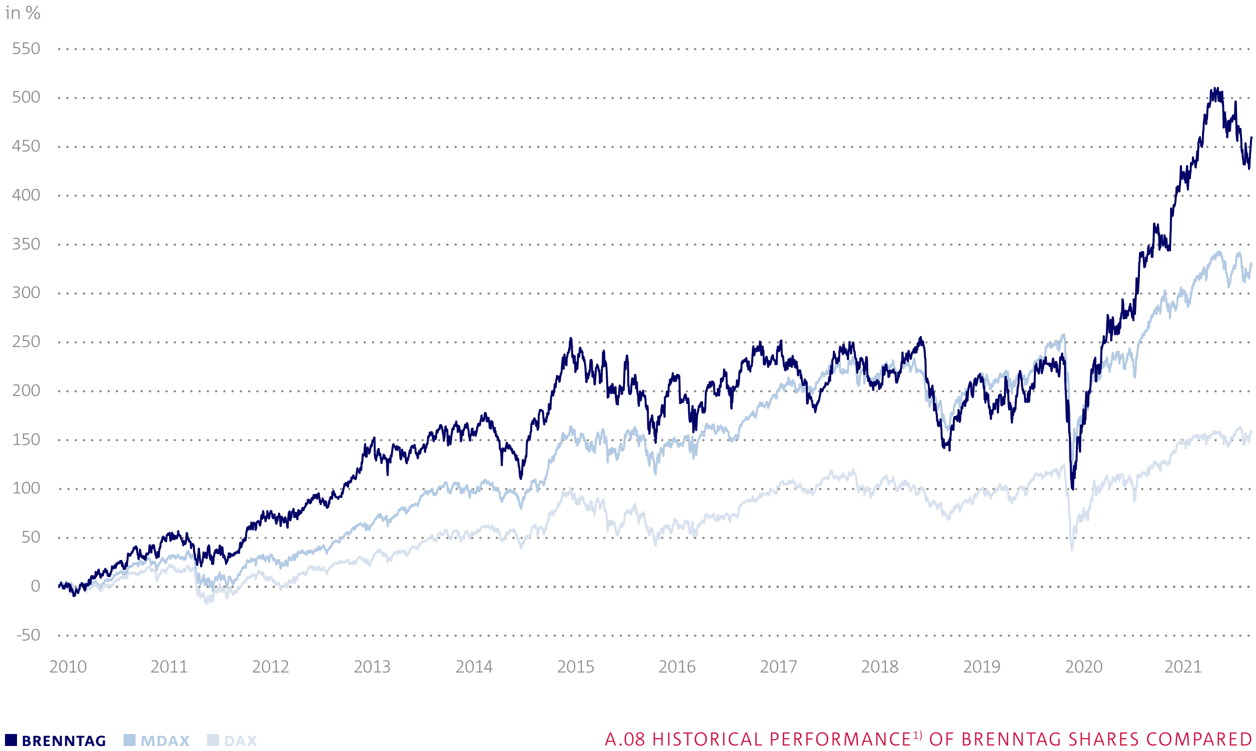
Brenntag's dividend policy is to pay an annual dividend of 35% to 50% of its consolidated profit after tax attributable to shareholders of Brenntag SE. Since going public in 2010, the company has paid its shareholders a higher dividend each year. Since the stock market flotation in 2010, the average increase in the dividend on Brenntag shares, including the current dividend proposal, has been 10.8% per annum, meaning that the absolute dividend has increased by around 208.5% overall.

Brenntag intends to increase the dividend for its shareholders for financial year 2021, too. The Board of Management and the Supervisory Board will recommend to shareholders at the General Shareholders' Meeting in June 2022 a dividend payment of EUR 1.45 per share. Subject to its approval at the General Shareholders' Meeting, this will be the eleventh consecutive dividend increase since the stock market flotation in 2010. The payout ratio on the basis of the consolidated profit after tax attributable to shareholders of Brenntag SE is therefore 50%. Through this payout ratio, we aim to allow our shareholders to participate directly in the company's strong cash flow.



A.07 DIVIDEND PERFORMANCE

HISTORICAL PERFORMANCE



A.08 HISTORICAL PERFORMANCE[1] OF BRENNTAG SHARES COMPARED WITH THE DAX AND MDAX (MAR. 29, 2010 TO DEC. 31, 2021)

[1] Share price performance including dividends

in %	1 year	3 years	5 years	10 years
Brenntag shares [1]	27.9	31.4	11.1	15.2
DAX	15.8	14.6	6.7	10.4
MDAX	14.1	17.6	9.6	14.7

A.09 AVERAGE ANNUAL PERFORMANCE OF BRENNTAG SHARES AND RELEVANT BENCHMARK INDICES IN PERCENT

[1] Received dividends reinvested. Due to rounding, the absolute totals may differ

	Dec. 31, 2021	Dec. 31, 2020
No. of shares	154,500,000	154,500,000
Dividend (in EUR)	1.45[6)]	1.35
Dividend yield (in %)[1)]	1.8	2.1
Payout ratio (in %)	50.0	44.7
Earnings per share (in EUR)[2)]	2.90	3.02
Book value per share (in EUR)[3)]	25.3	23.0
XETRA closing price (in EUR)	79.58	63.34
XETRA high (in EUR)	86.80	64.96
XETRA low (in EUR)	64.26	29.68
XETRA average price (in EUR)	76.83	49.92
Average daily trading volumes XETRA and Frankfurt		
Shares	314,019	408,492
EUR k	24,087,647	19,612.598
Market capitalization (in EUR m)[4)]	12,295	9,786
Price-earnings ratio[5)]	27.4	21.0

A.10 KEY DATA ON THE BRENNTAG SHARES

1) Dividend / closing price x 100
2) Profit attributable to shareholders of Brenntag SE / number of shares
3) Equity attributable to shareholders of Brenntag SE / number of shares
4) Market capitalization at year-end
5) Closing price / earnings per share
6) As per the proposal for the appropriation of profit presented by the Board of Management and the Supervisory Board, subject to approval at the General Shareholders' Meeting on June 9, 2022

SERVICE FOR SHAREHOLDERS

You can find comprehensive information on Brenntag SE and the Brenntag shares on the Investor Relations website. In addition to financial reports and presentations, it also contains all the key dates on the financial calendar. The conference calls on the quarterly and annual financial statements are recorded and offered in audio format. Shareholders and interested parties can register by e-mail to be placed on the investor mailing list. The Investor Relations team would also be happy to help you in person. http://www.brenntag.com/investor relations

Telephone: +49 (0) 201 6496 2100
Fax: +49 (0) 201 6496 2003
E-mail: IR@brenntag.de
Web: www.brenntag.com/investor-relations

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

2021 was a year of transformation for Brenntag: in January, the operating model was changed over to the two global divisions Brenntag Essentials and Brenntag Specialties. The comprehensive reorganization across all areas and at all levels of the company was a major challenge for our organization. Added to this were the ongoing restrictions in place as a result of the continuing COVID-19 pandemic. Brenntag's new set-up was also put immediately to the test by the strains on global supply chains and limited product availability. Thanks to the reliable and dedicated efforts of our employees, we nevertheless achieved excellent results in 2021 in spite of these exceptional conditions.

Brenntag SE's admission to the extended DAX share index (Deutscher Aktienindex) on September 20, 2021 brought recognition of the organization's achievements and its successful business performance in recent years. This motivates us to steadfastly maintain our chosen course in transforming the company with the aim of expanding its leading market position and paving the way for sustainable organic earnings growth. In 2021, we saw that the renowned resilience of our business model, combined with the improved market position as a result of the divisions' realignment, is strengthened and can lead Brenntag to fresh success.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The Board of Management and the Supervisory Board worked together intensively in the reporting period. The Supervisory Board of Brenntag SE performed the duties assigned to it by law, by the company's Articles of Association and by its rules of procedure with the utmost diligence. In particular, the members of the Supervisory Board regularly advised the Board of Management in its management of the company and monitored its activities. The Board of Management provided the Supervisory Board with timely and comprehensive information, in both written and verbal form, on the development of the transformation process and its status of implementation, the course of business, earnings, the Group's current position and financial resources. The Board of Management also informed the Supervisory Board about specific business-related and financial developments, particularly in connection with the COVID-19 pandemic, as well as about corporate planning and strategic further development.

Due to the implementation of "Project Brenntag", the multi-year transformation programme presented the year before, the regular reporting on the current status of implementation was a focal point of cooperation. The Supervisory Board was also kept abreast of Brenntag SE's risk position, including risk management, deviations from plan and compliance matters.

The Supervisory Board had ample opportunity to address in depth, examine, discuss and consult on the reports from and resolutions proposed by the Board of Management. In addition, the Supervisory Board was directly involved in all decisions of fundamental importance to the company at an early stage and discussed those decisions with the Board of Management in detail. In doing so, the Supervisory Board always satisfied itself that the senior management was acting in a lawful, effective and proper manner.

The Supervisory Board held five ordinary meetings in the 2021 reporting period, two of which took place virtually due to the restrictions in place as a result of the COVID-19 pandemic. In addition, five extraordinary meetings took place in the form of video conferences. Despite the large number of Supervisory Board meetings, we achieved a high attendance rate of 95% at the ordinary and extraordinary Supervisory Board meetings. Four of the ordinary meetings and four of the extraordinary meetings were attended by all members of the Supervisory Board. Dr Andreas Rittstieg and Richard Ridinger were excused for being absent from the meeting on April 16, 2021; Stefanie Berlinger was excused for being absent from the meeting on June 15, 2021. An attendance rate of 100% was achieved at all committee meetings.

The following table contains a detailed overview of attendance at meetings of the Supervisory Board and committees:

Name	Ordinary Supervisory Board meetings	Extraordinary Supervisory Board meetings	Meetings of the Audit Committee	Meetings of the Presiding and Nomination Committee	Meeting of the Transformation Committee
Doreen Nowotne	5/5	5/5	–	12/12	6/6
Dr Andreas Rittstieg	4/5	5/5	–	12/12	–
Stefanie Berlinger	5/5	4/5	5/5	–	–
Wijnand P. Donkers	5/5	5/5	–	12/12	6/6
Ulrich M. Harnacke	5/5	5/5	5/5	–	–
Richard Ridinger	4/5	5/5	5/5	–	6/6

MEETING ATTENDANCE IN 2021

The members of the Board of Management participated in Supervisory Board meetings. However, the Supervisory Board also meets regularly without the Board of Management. In the reporting period, the Supervisory Board consulted with one another seven times, usually in connection with a Supervisory Board meeting, without the Board of Management in attendance.

The members of the Supervisory Board were also available to advise the Board of Management between the meetings and placed particular emphasis on intense dialogue. Thus, outside of the meetings, two closed meetings were held in physical form, at which the Board of Management and the Supervisory Board consulted on and discussed matters relating to the company's strategic further development in greater depth. In addition, there was regular interaction and coordination on current topics between the Chair of the Board of Management and the Chair of the Supervisory Board in particular.

Due to the vigorous coordination, the Supervisory Board was able to consult with the Board of Management on the company's strategic direction and to decide on business transactions and measures presented by the Board of Management and requiring the Supervisory Board's approval. Further information on the duties of the Supervisory Board can be found in the section "Working Practices of the Supervisory Board" in the Corporate Governance Statement. For information on the topics and resolutions, please refer to the following section, "Topics Addressed in the Supervisory Board Meetings".

TOPICS ADDRESSED IN THE SUPERVISORY BOARD MEETINGS

Brenntag's transformation was the principal topic addressed in the Supervisory Board meetings in the reporting period. The Board of Management provided the Supervisory Board with continual information on the current status of implementation, challenges and successes. Through the Transformation Committee newly established in January 2021, sections of the Supervisory Board devoted particular attention to the progress of the programme and prepared the necessary Supervisory Board resolutions.

Other recurring topics on the agenda at the Supervisory Board meetings in financial year 2021 included the ongoing effects of the global COVID-19 pandemic on the status of business and Brenntag's capacity to act as well as global supply bottlenecks. The Supervisory Board also dealt extensively with the digitalization of the business model, the further development of the corporate culture and the further development of ESG objectives, as well as the embedding of those objectives into business activities, and discussed appropriate strategies, frameworks and measures together with the Board of Management. In addition, the Supervisory Board regularly turned its attention to global site and process safety and advised the Board of Management on the further development of safety standards.

More specifically, the Supervisory Board met as follows:

On February 2, 2021, the Supervisory Board held an extraordinary meeting in the form of a video conference to discuss the Board of Management's plan to introduce a new long-term bonus programme for the senior management in connection with "Project Brenntag". The first ordinary meeting took place virtually on March 9, 2021. The meeting focused on the 2020 consolidated financial statements of Brenntag SE, on which both the Board of Management and the appointed auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, reported in detail. The Audit Committee informed the Supervisory Board about its examination and discussion of the consolidated and annual financial statements. After examining the documents and determining that there were no objections to be raised, the Supervisory Board approved the consolidated financial statements of Brenntag SE for financial year 2020 and the annual financial statements of Brenntag SE, which were thus adopted. This was followed by a detailed report on the implementation of "Project Brenntag" and an overview of the project's current state of progress. The Board of Management also reported on considerations around the handling of various IT and digitalization projects as well as on current topics related to IT security, mergers & acquisitions and investor relations.

At an extraordinary meeting in the form of a video conference on April 14, 2021, the Supervisory Board devoted attention to the convening of the 2021 General Shareholders' Meeting and its organization once again as a virtual General Shareholders' Meeting due to the ongoing restrictions resulting from the COVID-19 pandemic. At the meeting, and following an in-depth discussion, the Supervisory Board also endorsed the Board of Management's proposal not to pursue the then strategy to introduce a pan-European ERP system and to devise parts of the digitalization strategy anew, partly in light of the realignment of the divisions. This was followed by a status report on mergers & acquisitions.

On April 16, 2021, the Supervisory Board once again met virtually in order to deal with the submission of Brenntag's non-financial statement for 2020. The Audit Committee and the appointed auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, presented and explained the results of their examination of the separate non-financial Group report. The Supervisory Board followed the Audit Committee's recommendation and approved the non-financial Group report.

The Supervisory Board held its third ordinary meeting on June 10, 2021 after the ordinary General Shareholders' Meeting. The Board of Management provided information on the current status of business and on HSE with a particular focus on safety at the sites. In addition, the Board of Management reported in particular on current topics related to IT security, the status of implementation of "Project Brenntag" and further developments in Brenntag's digital transformation.

At an extraordinary meeting held virtually on June 15, 2021, the Supervisory Board dealt with current projects in mergers & acquisitions, in particular with the project to acquire the US-based Storm Chaser Holding Corporation ("JM Swank"), a leading distributor of food ingredients taken over by Brenntag.

On September 8, 2021, the members held their fourth ordinary meeting. The Board of Management briefed the Supervisory Board on the current status of business and financial performance. Partly in light of the realignment of the divisions, the Board of Management also provided an initial overview of the 2022 budget planning process. With regard to "Project Brenntag", the Supervisory Board spent time dealing with the current status of implementation as well as the objectives achieved and measures implemented thus far. Furthermore, the Board of Management reported on site safety and current accident statistics and provided an overview of the further strategy development process and current projects related to financing and mergers & acquisitions.

On November 12 and 19, 2021, two further extraordinary meetings took place virtually, at which the Supervisory Board turned its attention to a current project in mergers & acquisitions together with the Board of Management. In an internal meeting on November 19, 2021, the Supervisory Board also addressed the succession planning prepared by the Presiding and Nomination Committee for Chief Financial Officer Georg Müller, who had chosen not to extend his contract due to expire at the end of March 2022 and who stood down as CFO by mutual agreement on February 2, 2022, as well as other Board of Management matters.

The fifth and final ordinary meeting of the reporting period took place in physical form on December 14, 2021. At the meeting, the Board of Management provided information on the current status of "Project Brenntag" and in particular on the objectives achieved in 2021 and the implementation of the transformation programme. Another point of focus at the meeting was the Board of Management's presentation on the performance of the two divisions in the reporting period and the budget plan for financial year 2022, which the Supervisory Board approved. The Board of Management also provided information on the further development of the company's strategy and cultural transformation. The Board of Management and the Supervisory Board discussed the formulation of Brenntag's ESG strategy at length and agreed on the composition and definition of the non-financial objectives for 2022. This was followed in particular by status reports on accident statistics and site safety. In addition, Human Resources presented information on succession planning and talent development. At the meeting, the Supervisory Board decided on updated versions of the rules of procedure for the Supervisory Board, all committees and the Board of Management. Finally, the Supervisory Board turned its attention to corporate governance matters and decided on the annual declaration of conformity with the German Corporate Governance Code.

SUPERVISORY BOARD COMMITTEE ACTIVITIES

In financial year 2021, the Supervisory Board had a total of three committees: the Audit Committee, the Presiding and Nomination Committee and the Transformation Committee newly set up in January 2021. The latter was established to support the implementation of the multi-year transformation process and prepare the Supervisory Board resolutions to approve the relevant actions.

Their respective chairs reported in detail on the current work of the committees in the Supervisory Board meetings. The Audit Committee, composed of Ulrich M. Harnacke (Chair), Stefanie Berlinger and Richard Ridinger in the reporting period, held five meetings. Ulrich M. Harnacke has detailed knowledge of and in-depth expertise in financial accounting and reporting and financial statement auditing; Ms Stefanie Berlinger is an expert with detailed expertise in financial statement auditing. Key topics addressed by the Audit Committee included the preparations for the audit of the annual financial statements, the consolidated financial statements, the management report and the Group management report as well as the proposal for the appropriation of profit and the review of the quarterly financial statements in the reporting period. The statutory auditor reported to the Audit Committee without undue delay on all findings and issues arising in the course of the statutory audit that were of importance to the duties of the Supervisory Board. In addition, the statutory auditor provided notification or noted in the audit report that it had not identified any facts while performing the statutory audit that would result in a (further) deviation from the declaration of conformity with the German Corporate Governance Code submitted by the Board of Management and the Supervisory Board. Bearing in mind recommendations D.9-D.11. of the German Corporate Governance Code, the Supervisory Board has set out these principles in the Audit Committee rules of procedure and in particular stipulated that the Audit Committee conduct a regular assessment of the statutory audit.

At its meetings, the Audit Committee dealt extensively with the switch from regional to divisional reporting. The Audit Committee also dealt in detail with the work and findings of Internal Audit, the effectiveness of the internal control system and the further development of compliance management. Further topics covered at the meetings included the examination of the separate non-financial Group report for financial year 2020. Following the election of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as statutory auditor at the General Shareholders' Meeting in the reporting period and its statement to the Audit Committee that there are no circumstances that would call into question its impartiality, the Audit Committee rigorously assured itself of the auditors' required independence and issued the audit engagement. There was also regular interaction between the Audit Committee – in particular the Chair of the Audit Committee – and the auditors outside of the meetings.

The Presiding and Nomination Committee was composed of Doreen Nowotne (Chair), Wijnand P. Donkers and Dr Andreas Rittstieg in the reporting period, during which the Committee met a total of twelve times in order to discuss HR, remuneration, contract and succession matters. The Committee dealt mainly with the succession of Chief Financial Officer Georg Müller. Interviews were conducted with various candidates as part of a structured selection process and with the assistance of an external adviser. After it had been decided who to appoint to the position, the Presiding and Nomination Committee prepared the necessary documents and the contract with Dr Kristin Neumann. The Presiding and Nomination Committee also dealt with succession planning on the Board of Management, succession planning on the Supervisory Board, the revision of the Supervisory Board's profile of skills and expertise and corporate governance issues.

The Transformation Committee, composed of Doreen Nowotne (Chair), Wijnand P. Donkers and Richard Ridinger in the reporting period, held six meetings. At the meetings, the Committee dealt in detail with the implementation of the multi-year transformation process "Project Brenntag" and the company's strategy development. Among other things in this context, the Committee devoted attention to the change of reporting structure for the Brenntag Essentials and Brenntag Specialties divisions and the related effects on the budget planning, the digitalization strategy, the ESG strategy and non-financial objectives, the further development of the corporate culture and the strategic direction of acquisitions and prepared the relevant topics and resolutions for the Supervisory Board meetings.

GERMAN CORPORATE GOVERNANCE CODE

In connection with Brenntag's transformation, reliable and sustainable corporate governance was also a top priority for us. The Supervisory Board of Brenntag SE regularly discusses the requirements and principles of good corporate governance and their implementation within the company. On December 14, 2021, the Supervisory Board and the Board of Management jointly submitted a new declaration of conformity, which appears both on Brenntag's website at Corporate Governance Code | Brenntag and in the Corporate Governance Statement. Good corporate governance also includes regularly assessing how effectively the Supervisory Board as a whole and its committees perform their duties.

The Supervisory Board continuously assesses the efficiency of the Supervisory Board and its committees. The assessment comprises multiple steps and starts by establishing the points of focus, such as the frequency, organization and structuring of meetings and committees, the scope and nature of the information provided, the communication within the Supervisory Board and with the committees, and cooperation between the Board of Management and the Supervisory Board. The efficiency review usually finishes by specifying objectives and setting out a schedule and multiple follow-up meetings for a regular joint review of the objectives and individual feedback. An external adviser monitors and assists with the assessment from time to time. In June 2021, the Supervisory Board dedicated a whole day to examining the efficiency of the working practices of the Supervisory Board and committees in detail. In the second half of 2021, the Supervisory Board reviewed the planned progress and the objectives achieved. The last efficiency review prior to this took place at the end of 2019 and was supported by an external adviser. The Supervisory Board aims to conduct a more regular review on an annual basis so as to continually assess and improve the effectiveness of its work. The next self-assessment is therefore scheduled for 2022.

As Chairwoman of the Supervisory Board, I am authorized under section 5.4 (1) of the Supervisory Board's rules of procedure to discuss Supervisory Board-specific issues with investors, provided this is in the company's interests and in compliance with the applicable laws. Regular dialogue with shareholders and potential investors is of great importance to us. Brenntag SE aims to be as transparent as possible in communicating with the capital market. As Chairwoman of the Supervisory Board, I discuss Supervisory Board-specific issues with investors as and when necessary. I notify the Supervisory Board of all the main topics covered in those discussions and keep the Chief Executive Officer fully informed.

In accordance with the German Corporate Governance Code, the Supervisory Board informs the General Shareholders' Meeting of any conflicts of interest that have arisen among Supervisory Board members. Under the rules of procedure, the Board of Management and the Supervisory Board are required to report any conflicts of interest to me as Chairwoman of the Supervisory Board without undue delay. The Supervisory Board was not made aware of any such conflicts of interest in the entire reporting period and we can once again confirm our belief that all members of the Supervisory Board can be regarded as independent of the company. Further information on corporate governance at Brenntag can be found in the Corporate Governance Statement.

In the reporting period, the members of the Supervisory Board undertook training and professional development measures appropriate to their duties on the Board to enable them to best carry out their activities on the Supervisory Board. Training and development measures included participation in specific events for Supervisory Board members by the leading audit firms as well as other conferences and professional events, for example on relevant regulatory changes, corporate governance, sustainability, financial and non-financial reporting, compliance and risk management, as well as active membership of associations and networks such as the German Audit Committee Network, Financial Experts Association eV. or Deutsche Schutzvereinigung für Wertpapierbesitz, Germany's leading association for private investors. Finally, an external analysis of governance and investigation into the public perception of Brenntag among analysts and investors, initiated by the Supervisory Board and carried out with the help and at the expense of the company, also contributed to the Supervisory Board members' continuing professional development. In addition, new members of the Supervisory Board receive selectively compiled information materials before taking up their post to enable them to prepare for their activities.

EXAMINATION AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS, APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS, PROPOSAL FOR THE APPROPRIATION OF PROFIT

The annual financial statements of Brenntag SE for the year ended December 31, 2021 and the combined Group management report and management report of Brenntag SE were prepared by the Board of Management in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act, and the consolidated financial statements, pursuant to Section 315a of the German Commercial Code, in accordance with the principles of the International Financial Reporting Standards (IFRSs) as adopted in the EU. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, the auditors elected by the General Shareholders' Meeting and appointed by the Supervisory Board, audited and issued an unqualified auditors' report on the annual financial statements of Brenntag SE, the combined Group management report and management report of Brenntag SE and the consolidated financial statements. The annual financial statements of Brenntag SE, the consolidated financial statements and the combined Group management report and management report of Brenntag SE as well as the auditors' audit reports were available to all members of the relevant body in good time ahead of the Audit Committee meeting on March 3, 2022 and the Supervisory Board meeting on March 8, 2022. The financial statement documents were discussed in detail on the Audit Committee and on the Supervisory Board, in both cases in the presence of the auditors, who gave a report. Following the preliminary examination by the Audit Committee and the Supervisory Board's own review during its meeting on March 8, 2022, there were no objections to be raised. The Supervisory Board endorses the findings of the audit and approved the above-mentioned financial statements prepared by the Board of Management. The annual financial statements were thus adopted on March 8, 2022. The Supervisory Board endorsed the Board of Management's proposal to use the distributable profit to pay a dividend of EUR 1.45 per dividend-bearing no-par value share. The Supervisory Board will report separately on the results of the examination of the separate non-financial Group report for financial year 2021 required under Section 315b of the German Commercial Code once it has been provided by the Board of Management and examined by the Supervisory Board.

COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

There was one change in the composition of the Board of Management and no changes in the composition of the Supervisory Board of Brenntag SE in the 2021 reporting period:

I have been Chairwoman of the Supervisory Board since June 10, 2020 and intend to retain this position until the end of my current mandate. Myself and Supervisory Board members Ulrich M. Harnacke, Stefanie Berlinger, Dr Andreas Rittstieg, Wijnand P. Donkers and Richard Ridinger form the six-member Supervisory Board.

There was one change in the composition of the Board of Management in the reporting period. Ewout van Jarwaarde has been Chief Transformation Officer on the Board of Management since January 1, 2021. Dr Christian Kohlpaintner is Chief Executive Officer on the five-member Board of Management. Besides Georg Müller as Chief Financial Officer, who chose not to extend his contract and stepped down as CFO by mutual agreement on February 2, 2022 and will leave the company on March 31, 2022, the other members of the Board of Management are Henri Nejade, who is responsible for the Brenntag Specialties division, and Steven Terwindt, who leads the Brenntag Essentials division. We are pleased that Dr Kristin Neumann will be taking up the post of Chief Financial Officer with effect from April 1, 2022. The Supervisory Board would like to thank Georg Müller for his many years of outstanding service. He has been instrumental in Brenntag's development into the current global market leader and contributed in particular to bolstering its financial strength.

Thanks to the continuous commitment and the efforts of our employees, we were able to master the diverse challenges and successfully advance our company's transformation in the reporting period. On behalf of the entire Supervisory Board, I would like to most sincerely thank all Brenntag employees, the Global Leadership Team and the entire Board of Management for this exceptional achievement.

On behalf of the Supervisory Board

Doreen Nowotne
Chairwoman
Essen, March 2022

CORPORATE GOVERNANCE STATEMENT

Brenntag has always attached great importance to good corporate governance. As a globally operating DAX40-listed company, we are particularly aware of our responsibility and our obligations in this area. The Board of Management and Supervisory Board jointly issue the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) and report on the principles of responsible corporate governance at Brenntag, each being responsible for the parts of the report that relate to them. In accordance with Principle 22 of the German Corporate Governance Code in its current version of December 16, 2019, published on March 20, 2020, the corporate governance statement is the central instrument of corporate governance reporting.

Corporate Governance

COMMITMENT TO RESPONSIBLE CORPORATE GOVERNANCE

As in previous years, in this reporting year the Board of Management and the Supervisory Board thoroughly examined corporate governance and the requirements of the German Corporate Governance Code ("GCGC"). On the basis of these deliberations, they issued, on December 14, 2021, the following declaration of conformity with the recommendations of the GCGC as amended on December 16, 2019, published on March 20, 2020 in accordance with Article 9, para. 1, lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporation Act (AktG).

"Declaration by the Board of Management and the Supervisory Board of Brenntag SE in accordance with Article 9, para. 1, lit. c) ii) SE-VO in conjunction with Section 161 AktG pursuant to the German Corporate Governance Code

The Board of Management and the Supervisory Board of Brenntag SE are obliged to resolve a Declaration of Conformity in accordance with Article 9, para. 1, lit. c) ii) SE-VO in conjunction with Section 161 of the German Stock Corporate Act (Aktiengesetz).

The Board of Management and the Supervisory Board hereby declare that since their last Declaration of Conformity as of December 14, 2020, Brenntag has complied with the recommendations of the Government Commission "German Corporate Governance Code" as amended on December 16, 2020 ("GCGC 2020"), published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), with the exception of the recommendation in number C.4 GCGC 2020. The exception is declared for the following reasons:

With regard to the Supervisory Board's Chair Doreen Nowotne, there is a deviation from the recommendation in C.4 GCGC 2020. Ms. Nowotne holds positions at two non-group companies, one of which is listed, and one is non-listed. She is also Chair of the Supervisory Board at a further non-group, non-listed company. With her position as Chair of the Supervisory Board of Brenntag SE, her total number of seats amounts to six.

Therefore, in accordance with the GCGC's counting method, a deviation from C.4 GCGC 2020 is hereby declared. In any case, the Supervisory Board has ascertained that Ms Nowotne has sufficient time available to discharge her duties.

Furthermore, the Board of Management and the Supervisory Board hereby declare that Brenntag complies and plans to continue to comply with the recommendations of GCGC 2020, with the exception of the recommendation in number C.4 GCGC 2020 as described above."

EXPLANATIONS OF THE DEVIATIONS FROM THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

As in the previous year, Brenntag declares a deviation from the recommendation C.4 GCGC 2020 with regard to the number of Supervisory Board positions of Doreen Nowotne. According to C.4 GCGC 2020, a Supervisory Board member should not hold more than five supervisory board mandates in non-Group, listed companies or comparable functions, with an appointment as chair being counted twice. In addition to her office at Brenntag, the Chair of the Supervisory Board, Doreen Nowotne, is currently a member of the supervisory board of one other non-Group listed company, one other non-Group, non-listed company and the supervisory board chair of a non-Group, non-listed company. Together with her position as Supervisory Board Chair, she therefore has a total of six mandates according to the GCGC 2020 counting method. The Supervisory Board is convinced that, despite her other mandates, Ms Nowotne has sufficient time available to discharge her duties at Brenntag and, thanks to her many years of experience, both at Brenntag and as a business consultant, is extraordinarily well-suited to the position of Supervisory Board Chair. Doreen Nowotne intends to continue to hold this position in future.

DECLARATION ON THE SUGGESTIONS MADE IN THE GCGC

Brenntag complies in principle with all suggestions made in the GCGC 2020. The members of the Supervisory Board regularly attend meetings physically so that, in line with the provision in D.8 of the GCGC 2020, participation via telephone and video conferences is only an exception and not the rule. Due to the continuing restrictions in the reporting year caused by the COVID-19 pandemic, it was not possible to hold physical Supervisory Board meetings over large parts of the reporting year so the majority of meetings during this period had to be held completely in virtual form. It was possible to hold the majority of the ordinary Supervisory Board meetings in physical form in 2021. An overview of attendance at the meetings is to be found on the website and in the Supervisory Board report. We hope that, in 2022, it will already be possible to hold predominantly meetings with physical attendance.

Brenntag publishes an overview of implementation of the GCGC's suggestions on its corporate website at Corporate Governance Code | Brenntag.

DISCLOSURES ON CORPORATE GOVERNANCE PRACTICE

Responsible, prudent and sustainability-focused corporate governance has always been a high priority at Brenntag. Our paramount goal is to observe legal requirements and voluntary internal codes of conduct (compliance) so we always act honestly, fairly and in good faith. To ensure this, the management makes use of various internal control and risk management systems and has established a compliance organization in the company. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations. The information on corporate governance practice is also published on the website at Compliance at Brenntag | Brenntag.

Compliance management and organization: The compliance organization of Brenntag SE is headed by the Board of Management and, within the Board, by the Chairman. The Governance, Risk & Compliance (GRC) manager in the Compliance & Audit department of Brenntag SE regularly provides the Board of Management with information on compliance matters. Reports on compliance and whistleblowing cases and the development of the Group-wide compliance management system are also given in the regular Audit Committee meetings of the Supervisory Board. The GRC manager is supported by an internal advisory committee, the Compliance Committee, which is composed of various department heads of Brenntag SE. The regional compliance managers, who are appointed by the regional executive management, ensure close networking with our business activities through the coordination of the compliance management system at regional level. Regional compliance managers examine and report all compliance cases and / or compliance questions which are brought to their attention and they regularly exchange information and experience with the GRC manager of Brenntag SE. In this way, we ensure close networking of compliance management with our business activities at regional level.

Code of conduct and company guidelines: As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance with rules and regulations, honesty and integrity are our top priorities. A comprehensive Code of Business Conduct and Ethics summarizes all fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation. The Code of Business Conduct and Ethics contains the standards Brenntag applies in the areas of health, safety and the environment, human rights and working conditions, dealings with business partners and public institutions, combating bribery and corruption, competition and antitrust law, avoidance of conflicts of interest as well as data privacy and information security. The Code of Business Conduct and Ethics has been published both on the website and on the Intranet and is available in various languages. It applies to all employees at all levels of the company. Its aim is to give guidance in the legal and ethical challenges of their daily work and to encourage correct conduct. Every infringement of this code of conduct may lead to disciplinary action and have further consequences under employment law and even criminal law for employees committing an infringement. In addition to the Code of Business Conduct and Ethics, there are further Group guidelines detailing compliance requirements, including an Anti-corruption Guideline, an Insider Compliance Guideline and the Corporate Guideline on Foreign Trade Compliance. In addition to the Code of Business Conduct and Ethics, which was revised in January 2021, all Group-wide guidelines can be accessed by all employees on the Group-wide Intranet.

The Code of Business Conduct and Ethics can also be freely accessed on the Brenntag website at Compliance at Brenntag | Brenntag.

Monitoring: Compliance with the requirements of the Group guidelines at our Group companies is regularly reviewed as part of system-based controls, compliance risk assessments (six-monthly risk inventories) and audits by Internal Audit. Details on the six-monthly risk inventories and audits by Internal Audit can be found in the chapter “Description of the Internal Control / Risk Management System” in the combined management report. Compliance risks and counteraction are described in detail in the chapter “Report on Opportunities and Risks” in the management report.

Training: Adherence to our Code of Conduct and antitrust requirements, the prevention of corruption, and the protection of the environment and health are particular focal points of our compliance programme, as Brenntag sees the greatest compliance risks here. Our employees receive regular training on these topics - either at in-person events or through e-learning systems at regional or global level. The aim is to keep all employees’ knowledge up to date, avoid any illegal actions as well as to protect the environment and employees from harm. Participation in a training session on the Code of Business Conduct and Ethics is mandatory for all new employees when they join the Group. In addition, there are in-depth compliance training courses at global and regional levels on the topics of bribery and corruption, anti-trust law, data privacy and fraud prevention.

Whistleblowing: Brenntag has set up time-tested procedures for receiving and handling internal and external complaints and reports of compliance issues throughout the Group. Our employees can either make such reports to their direct supervisor or the regional compliance manager, or alternatively submit them via central or regional whistleblowing channels and whistleblowing systems. It is also possible to make an anonymous report using the whistleblowing system. Persons outside the company can submit complaints and report infringements by contacting the compliance contact mentioned on the website of Brenntag SE. The information received is always treated in strict confidence. The reports received are reviewed and appropriate action is taken if a compliance infringement has occurred.

WORKING PRACTICES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD AS WELL AS THE COMPOSITION AND WORKING PRACTICES OF THEIR COMMITTEES

As a result of the conversion of Brenntag AG into a European company, termed a Societas Europaea (SE), the German parent company of the Brenntag Group has been operating under the trading name Brenntag SE since February 1, 2021. Brenntag SE has a two-tier management system consisting of the Board of Management and the Supervisory Board in accordance with the legal requirements of Article 9, para. 1, number (c) (ii) of Regulation (EC) No. 2157/2001 on the Statute for a European company (SE) ("SE Regulation") and the German Stock Corporation Act. The management of business by the Board of Management and supervision by the Supervisory Board are therefore clearly separated. Therefore, conversion into an SE has not led to a change in the corporate governance structure of the company. The Board of Management and the Supervisory Board are guided by the applicable legislation, the principles of the GCGC 2020, the company's Articles of Association as well as their respective rules of procedure. The working practices of both bodies are geared to responsible corporate governance, which is characterized by open discussions and transparency.

BOARD OF MANAGEMENT

EWOUT VAN JARWAARDE
CHIEF TRANSFORMATION OFFICER

DR KRISTIN NEUMANN
CHIEF FINANCIAL OFFICER
(AS OF APRIL 1, 2022)

DR CHRISTIAN KOHLPAINTNER
CHIEF EXECUTIVE OFFICER

HENRI NEJADE

CHIEF OPERATING OFFICER
BRENNTAG SPECIALTIES

STEVEN TERWINDT

CHIEF OPERATING OFFICER
BRENNTAG ESSENTIALS

BOARD OF MANAGEMENT

Since the appointment of Ewout van Jarwaarde as Chief Transformation Officer effective January 1, 2021, the Board of Management of Brenntag SE has consisted of five members. In line with the GCGC 2020, he was initially appointed for a period of three years. Apart from the aforementioned, the composition of the Board of Management did not change in the reporting period. Dr Christian Kohlpaintner remains Chairman of the Board of Management.

As already announced on November 4, 2021, Georg Müller will be leaving the company with effect from March 31, 2022. For personal reasons and by mutual agreement, he stepped down from his post as Chief Financial Officer with effect from February 2, 2022. Dr Kristin Neumann, who has also initially been appointed for a period of three years in line with the GCGC 2020, will take over the position with effect from April 1, 2022

Further information on the members of the Board of Management can be found on the website at Board of Management | Brenntag. Information on the remuneration of the Board of Management can be found in the Remuneration Report.

MEMBERS OF THE BOARD OF MANAGEMENT

The members of the Board of Management hold the following offices on statutory supervisory boards and comparable supervisory bodies of business enterprises.

		Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at Dec.31, 2021)	
Name / Responsibilities	**First appointed**	**External positions**	**Group company positions**
Dr Christian Kohlpaintner	January 1, 2020		
(CEO)			
Corporate Board Office			
Global HR			
Corporate Planning & Strategy			
M & A Brenntag Group			
Global Communications			
Global Marketing			
Compliance & Audit Brenntag Group			
QSHE Brenntag Group			
Sustainability Brenntag Group			
Corporate Relations & Government Affairs			
Georg Müller	April 1, 2012		
(CFO)			
Corporate Controlling			BRENNTAG GmbH (Chairman)
Corporate Accounting			
Legal Brenntag Group			
Tax Brenntag Group			
Treasury Brenntag Group			
Corporate Investor Relations			
Corporate Insurance Management			
Shared Services Brenntag Group			
Brenntag International Chemicals			

Henri Nejade	July 1, 2015		
(COO Brenntag Specialties)			
Brenntag Specialties			Brenntag (Shanghai) Enterprise Management Co., Ltd.
Controlling Brenntag Specialties			Brenntag Cangzhou Chemical Co., Ltd.
Global Industry Development			Brenntag (Zhangjiagang) Chemical Co., Ltd.
			Brenntag Taiwan Co., Ltd.
Steven Terwindt	August 1, 2020		
(COO Brenntag Essentials)			
Brenntag Essentials			
Controlling Brenntag Essentials			
China & Hong Kong			
Global Key Accounts			
Global Sourcing Organization			
Ewout van Jarwaarde	January 1, 2021		
(CTO)			
Chief Security Office			
Core IT			
Data & Analytics			
Digital Business Architecture			
Digital Transformation			
E2E Deployment			
Functional Excellence			
Indirect Procurement			
Transformation Office			

WORKING PRACTICES OF THE BOARD OF MANAGEMENT

The Board of Management is responsible for managing the company with the aim of creating sustainable value. The company's management aims to achieve the company's goals by responsible corporate governance, to sustainably increase the value of the company and, taking account of the company's interests, to enforce the measures necessary to implement the company's policy. The members of the Board of Management bear joint responsibility for the entire management of the company's business. They work together in a spirit of collective responsibility and keep one another informed about all major business transactions and measures adopted in their respective areas of responsibility. Notwithstanding the joint responsibility of all Board of Management members for the conduct of Brenntag SE's business, each Board member is individually responsible for the areas assigned to him under the business responsibility plan or through other resolutions of the Board of Management.

The Board of Management manages the business of Brenntag SE independently. In doing so, it must act in the company's best interest, and therefore in the interest of the shareholders, employees and other stakeholders. The Board of Management operates in accordance with the applicable laws and the provisions of the individual service agreements of its members as well as the company's Articles of Association, its rules of procedure and the business responsibility plan. The Board of Management has set up a sustainable risk management and risk monitoring system in the Brenntag Group to ensure that the subsidiaries observe all applicable external and internal rules. It develops the strategy of the Brenntag Group in cooperation with the Supervisory Board and discusses the current status of its implementation with the Supervisory Board at regular intervals.

Board of Management meetings are to take place every two weeks but at least once a month. The Board of Management has a quorum if all its members have received invitations to the meeting and at least half of its members participate in adopting resolutions. Resolutions may be adopted outside meetings either by circulating the documents or in another form, for example by video conference. The Board of Management must do everything in its power to ensure that its resolutions are adopted unanimously. Insofar as other majorities are not prescribed by law or by the Articles of Association of Brenntag SE, the Board of Management is to adopt resolutions with a simple majority of the members of the Board participating in the vote. In the event of a tie, the Chairman of the Board of Management has a second vote.

The Board of Management has currently not set up any committees. The transactions for which a resolution adopted by the Board of Management is required by law, the Articles of Association or the rules of procedure for the Board of Management of Brenntag SE include but are not limited to the following measures:

- Board of Management's reports to the Supervisory Board,
- fundamental organizational measures, such as the conclusion of company agreements, transformation measures within the meaning of the German Transformation of Companies Act or acquisitions, carve-outs or the sale of material parts of the company as well as strategy and business planning issues,
- measures related to the implementation and controlling of a monitoring system,
- issuance of the declaration of conformity,
- preparation of the annual financial statements and the management report,
- convening of the General Shareholders' Meeting as well as the Board of Management's requests and proposals for resolutions to be dealt with and voted on at the General Shareholders' Meeting,
- matters with respect to which the Chairman of the Board of Management or any two members have requested a resolution by the Board of Management.

Furthermore, internal guidelines applicable throughout the Group have been implemented which also require a resolution passed by the entire Board of Management or by individual members of the Board of Management for certain matters. The Board of Management must regularly inform the Supervisory Board, in due time and comprehensively, of all issues of Brenntag SE and its subsidiaries with regard to strategy, corporate governance, the business policy it plans and other fundamental questions of corporate planning, the company's profitability, business performance and current position, risk management and compliance. The Board of Management addresses in particular any departures of business performance from the plans made or targets agreed, stating the reasons for such departures. In addition, the Board of Management requires the prior consent of the Supervisory Board for certain major matters which are described in detail in the chapter "Supervisory Board".

SUPERVISORY BOARD

As in the previous year, the Supervisory Board of Brenntag SE consists of six members. The composition of the Supervisory Board has not changed since the reporting year 2020. There are no employee representatives on the Supervisory Board of Brenntag SE as the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz) are not applicable. The members of the Supervisory mentioned by name below are therefore all shareholders' representatives.

MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board hold the following offices on statutory supervisory boards and comparable supervisory bodies of business enterprises.

Name / Committee membership	Position held	Member from	Membership of statutory supervisory boards and comparable German and foreign supervisory bodies of business enterprises (as at December 31, 2021)
Doreen Nowotne (Chairwoman) Presiding and Nomination Committee Transformation Committee	Independent Management Consultant	March 3, 2010	JENOPTIK AG (listed) Lufthansa Technik AG Franz Haniel & Cie. GmbH (Chairwoman)
Dr Andreas Rittstieg (Deputy Chairman) Presiding and Nomination Committee	Member of the Board of Management Hubert Burda Media Holding KG (until December 31, 2021) Lawyer	March 19, 2010	New Work SE (listed) Hubert Burda Media Holding Geschäftsführung SE Huesker Holding GmbH Kühne Holding AG
Stefanie Berlinger Audit Committee	Managing Director Lilja & Co. GmbH	June 9, 2015	
Wijnand P. Donkers Presiding and Nomination Committee Transformation Committee	Independent Management Consultant	June 8, 2017	
Ulrich M. Harnacke Audit Committee	Chartered Accountant, Tax Consultant, Independent Business Consultant	June 8, 2017	Vossloh AG (listed) Thüga Holding GmbH & Co. KGaA Zentis GmbH & Co. KG
Richard Ridinger Audit Committee Transformation Committee	Independent Management Consultant	June 10, 2020	Firmenich International SA Evolva Holding SA (listed) SHL Medical AG

WORKING PRACTICES OF THE SUPERVISORY BOARD

As the second governing body of a stock corporation (Aktiengesellschaft), the Supervisory Board has the task of monitoring the management of the company by the Board of Management as well as advising the Board of Management on the management of the company. The Supervisory Board also appoints and dismisses the members of the Board of Management. The Supervisory Board bases the composition of the Board of Management on the company's strategy, the requirements of the recommendations of the Government Commission "German Corporate Governance Code" and on the internal diversity policy. The Supervisory Board regularly discusses the company's strategy with the Board of Management and the progress made in its implementation. Furthermore, the Board of Management regularly informs the Supervisory Board of all issues with regard to planning, business development, the risk situation and risk management of the company in compliance with Section 90 of the German Stock Corporation Act (AktG).

Furthermore, the prior consent of the Supervisory Board is required for some major Board of Management decisions, including the business responsibility plan of the Managements, major changes in the business strategy of the Brenntag Group, the acquisition or sale of major plots of land, companies or business operations, the conclusion of agreements in connection with the granting or raising of loans or the assumption of guarantees, the amount of which exceeds certain thresholds.

The Supervisory Board has adopted rules of procedure and, according to these rules, holds at least two meetings in the first two quarters and at least two meetings in the last two quarters of each calendar year. If necessary and on a case-by-case basis, additional meetings are held or circular resolutions are passed outside Supervisory Board meetings. The Supervisory Board has a quorum when at least three members participate in the voting. Insofar as other majorities are not prescribed by law, resolutions are passed by a simple majority. In the event of a tie, the Chair has a casting vote. He/she is also authorized to make any declarations on behalf of the Supervisory Board which are necessary to implement its resolutions.

The Supervisory Board members are in principle elected for a period up to the close of the General Shareholders' Meeting which resolves on the formal discharge of the Supervisory Board for the fourth financial year after commencement of the respective term of office. The financial year in which the term of office starts is not counted for this purpose. The General Shareholders' Meeting can determine a shorter term of office for the Supervisory Board members. Members of the Supervisory Board may be re-elected. All members of the Supervisory Board are bound by the company's best interests and must immediately inform the Supervisory Board of any conflicts of interest. New members of the Supervisory Board already receive targeted information material prior to taking up office in order to prepare them for their work.

Information on the remuneration of the Supervisory Board members can be found in the chapter "Remuneration Report" in the combined management report; this information can also be found on the website. The Supervisory Board performs an assessment of its activities on a regular basis, but at least every two years. The last efficiency review took place in June 2021. Further information on the efficiency review is to be found in the Report of the Supervisory Board. In the second half of the year, the Supervisory Board regularly reviewed the planned progress and the achievement of objectives. The next self-assessment is scheduled for 2022.

Since January 2021, the Supervisory Board has had three committees set up from among its members, namely the Presiding and Nomination Committee, the Audit Committee, and the Transformation Committee. The members of the committees are appointed for the entire period of office as members of the Supervisory Board. Each chairperson reports regularly to the Supervisory Board on the committee's activities.

PRESIDING AND NOMINATION COMMITTEE

As was the case in the previous year, the Presiding and Nomination Committee set up by the Supervisory Board of Brenntag SE consists of the Supervisory Board Chair, Doreen Nowotne, as well as Dr Andreas Rittstieg and Wijnand P. Donkers. The Chair of the Supervisory Board always also holds the Chair of the Presiding and Nomination Committee.

The Committee coordinates the activities of the Supervisory Board as a whole and monitors compliance by the Board of Management with the rules of procedure. Furthermore, the Committee makes proposals regarding the appointment and removal of members of the Board of Management, the terms of the Board of Management service agreements within the framework of the remuneration system structure adopted by the Supervisory Board as well as any application to reduce the remuneration of a Board of Management member, and regularly provides the Supervisory Board with information for reviewing the remuneration system as a whole. It ensures long-term succession planning and sets the necessary qualifications of the Board of Management members. Furthermore, it prepares a diversity concept for the Board of Management and Supervisory Board. In addition, the Committee represents Brenntag SE vis-à-vis former members of the Board of Management in accordance with Section 112 of the German Stock Corporation Act, consents to sideline activities of Board of Management members in accordance with Section 88 of the German Stock Corporation Act and grants loans to the persons named in Sections 89 and 115 of the German Stock Corporation Act. In addition, the Committee approves contracts with Supervisory Board members in accordance with Section 114 of the German Stock Corporation Act and proposes suitable candidates as Supervisory Board members to the General Shareholders' Meeting in case of the election of Supervisory Board members, taking into account the concrete objectives for the composition of the Supervisory Board and the profile of skills and expertise for the Supervisory Board as a whole.

AUDIT COMMITTEE

The Supervisory Board of Brenntag SE has set up an Audit Committee, which meets at least four times in each calendar year and in particular monitors the accounting process and the quality of the audit of the annual financial statements. The Audit Committee has three members who were appointed by the Supervisory Board. As in the previous year, they are Ulrich M. Harnacke as its Chairman, Stefanie Berlinger and Richard Ridinger. The Chairman of the Audit Committee, Ulrich M. Harnacke, has special knowledge of and experience in applying accounting principles and internal control procedures as well as in the field of financial statement auditing. Furthermore, he is not a former member of the company's Board of Management. Stefanie Berlinger has special expertise in the field of auditing.

The Chairman reports regularly to the Supervisory Board about the activities of the Committee. The Audit Committee prepares the resolutions of the Supervisory Board on the auditing and adoption of the annual financial statements as well as the approval of the consolidated financial statements, the proposal for the appropriation of profit and the separate non-financial Group report. Furthermore, the Audit Committee prepares the Supervisory Board's proposal to the General Shareholders' Meeting on the election of the auditors for the consolidated financial statements and the auditors for the half-yearly and quarterly financial reports, insofar as the latter are audited or reviewed by auditors. For this purpose, the Audit Committee pre-reviews the documentation relating to the consolidated and annual financial statements, the combined group management report and the management report, the non-financial Group report within sustainability reporting as well as the proposal for the appropriation of profit. The Audit Committee discusses the audit reports with the auditor. The Committee deals with accounting issues on behalf of the Supervisory Board, in particular the treatment of subjects of fundamental importance, such as the application of new accounting standards and the monitoring of the accounting process. It deals with half-yearly and quarterly financial reports as well as their audit or review. Furthermore, it reviews the adequacy and effectiveness of the company's internal control system, risk management system and internal audit system.

The Audit Committee also reviews observance of and compliance with the statutory provisions and internal company policies as well as compliance with the relevant rules of the German Corporate Governance Code. On behalf of the Supervisory Board, the Committee also monitors in particular the quality of the audit and the auditors' independence, including compliance with statutory requirements regarding the tendering process, proper awarding of non-audit services, compliance with the upper limit for permissible non-audit services and observance of requirements to rotate the statutory auditor. In addition, the Committee engages the auditors to conduct the audit of the annual financial statements and, if necessary, a review of the half-yearly and quarterly financial reports. Furthermore, it discusses the scope and main points of the audit as well as cooperation between the statutory auditor and Compliance & Audit Brenntag Group and other departments involved in risk management. On behalf of the Supervisory Board, the Committee authorizes the auditors' fee. In addition, the Audit Committee discusses the financial, investment and liquidity plans with the Board of Management, including the plans with respect to the observance of financial covenants and the adequacy of interest hedging for the Group as well as deviations of the actual development from targets previously reported. The Audit Committee is responsible for the receipt and handling of complaints by employees and third parties about the accounting, the internal company control system, risk management, the audit of the financial statements and other accounting-related issues (whistleblowing). The Audit Committee may assume other tasks which the Supervisory Board assigns to it. It obtains regular reports about the work of the Corporate Internal Audit department, in particular about that department's audit focuses and audit findings. The same applies to risk management and the monitoring of compliance.

TRANSFORMATION COMMITTEE

The Supervisory Board has also had a Transformation Committee since January 2021. This committee deals in particular with the planning and implementation of "Project Brenntag" in the company, a review of and changes to the corporate strategy and the corporate structure as well as the relevant organizational processes. Furthermore, it is involved in the development and implementation of further transformations and future topics in this context, for example relating to the corporate culture and ESG. The Transformation Committee prepares the Supervisory Board meetings and resolutions on corresponding resolution items. The members of the Transformation Committee are Doreen Nowotne, who is also its Chairwoman, Wijnand P. Donkers and Richard Ridinger.

SHARES HELD BY THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

On December 31, 2021, no member of the Board of Management or the Supervisory Board held share packages of Brenntag SE or financial instruments relating to such shares, which in each case exceed 1% of the shares issued by Brenntag SE either directly or indirectly. At that date, the total number of shares held by all members of the Board of Management and Supervisory Board together also did not exceed 1% of the shares issued by the company.

AVOIDANCE OF CONFLICTS OF INTEREST ON THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

In the reporting year, there were no conflicts of interest of Board of Management or Supervisory Board members which are to be reported immediately to the Supervisory Board owing to the duty of loyalty to the company. Furthermore, as was also the case in the previous years, in the reporting year there were no advisory or other service agreements and contracts for work between a member of the Supervisory Board and the company or the other consolidated subsidiaries. No member of the Board of Management has accepted more than a total of three offices in non-Group listed companies or on supervisory bodies of non-Group entities that make similar requirements. A detailed list of the offices held by the members of the Supervisory Board on supervisory boards to be established by law or on comparable domestic and foreign supervisory bodies of business enterprises is given in the chapter "Members of the Supervisory Board".

REPORTABLE SECURITIES TRANSACTIONS OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Pursuant to Section 26, para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the Regulation (EU) No. 596/2014, termed the Market Abuse Regulation, any persons working in a management capacity for an issuer of securities and any persons closely associated with said persons are obliged to report transactions involving shares of Brenntag SE or related financial instruments if the value of the transactions which they have made in one calendar year reaches or exceeds EUR 20,000. Transactions reported in financial year 2021 were duly published and are available on Brenntag's website at Managers' Transactions | Brenntag. Transactions in previous reporting periods were also duly published and can also be accessed at any time on the website of Brenntag SE.

D&O INSURANCE DEDUCTIBLE

For details on the D&O insurance (Directors & Officers insurance, liability insurance against financial losses), we refer you to the information given in the chapter "Remuneration Report".

APPROPRIATE CONTROL AND RISK MANAGEMENT

An effective risk management and control system is a pre-requisite for the Board of Management and Supervisory Board of Brenntag SE to ensure that opportunities and risks arising from the business activities of Brenntag SE and its subsidiaries are handled appropriately. One particular focus remains the financial risks, in particular the liquidity and credit default risks. Systematic risk management enables potential uncertainties to be identified and assessed at an early stage and risk positions optimized. The Board of Management reports regularly to the Supervisory Board on any existing risks and their development. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process, effectiveness and efficiency of the company's internal controls, risk management and the internal audit system. The Audit Committee's work is described in detail in the chapter "Audit Committee". Brenntag SE's controlling, risk management and audit systems are continually refined and regularly adapted to changing conditions. Details on the internal control and risk management system can be found in the chapter "Description of the Internal Control / Risk Management System" in the combined management report.

TRANSPARENCY AND EQUAL TREATMENT THROUGH COMPREHENSIVE INFORMATION

Brenntag SE aims to ensure that communications with the capital market are as transparent as possible and that all market participants are treated equally. Hereby, it is ensured that all market participants receive information continuously, promptly and comprehensively. For Brenntag SE, constant dialogue with its shareholders and potential investors is a matter of course. Communications with the capital market are handled by the Board of Management and the Investor Relations team. An overview of the various activities in this area can be found in the chapter "Brenntag on the Stock Market". In addition, the Chairwoman of the Supervisory Board is, if required, available to discuss specific topics that fall within the scope of the Supervisory Board. In 2021, the capital market expressed no need for such discussions. In February 2022, in-depth discussions were held between the Chairwoman of the Supervisory Board and selected investors as part of investor dialogue. In line with its transparent communications policy, Brenntag SE makes all material new information available to shareholders on its corporate website without delay, including, in particular, financial reports, investor presentations, financial news, ad-hoc news, the Articles of Association as well as details on the General Shareholders' Meeting and the financial calendar. The financial calendar contains important event and publication dates and can also be found at the end of this annual report.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

The shareholders exercise their membership rights at the General Shareholders' Meeting and, as shareholders, express the collective will of the company. As provided for by law and in the Articles of Association, the shareholders of Brenntag SE exercise their rights before or during the General Shareholders' Meeting and, in this respect, may also exercise their voting rights. Each share of Brenntag SE carries one vote in the General Shareholders' Meeting. The General Shareholders' Meeting resolves, among other things, on the appropriation of profit, the discharge of the Board of Management and of the Supervisory Board and on the election of the auditors. As a rule, the Chair of the Supervisory Board presides over the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Shareholders who are registered with the share register of the company and whose application for attendance is received by the company in good time before the General Shareholders' Meeting are entitled to participate in the General Shareholders' Meeting and exercise their voting rights. Shareholders may exercise their right to vote in the General Shareholders' Meeting either personally or through a representative of their choice, or by a company-appointed proxy acting on their instructions.

As was also the case in the previous year, shareholders were offered the option of exercising their right to vote at the 2021 General Shareholders' Meeting in writing by postal vote, without appointing a person to represent them. It is also planned to offer the option of postal voting for the 2022 ordinary General Shareholders' Meeting. To provide information for the shareholders, Brenntag SE posts the annual report on the past financial year on its website promptly after the Supervisory Board meeting at which the annual financial statements are adopted. As was also the case in the previous year, notice of the 2022 ordinary General Shareholders' Meeting will be given at least 36 days before the date on which it is to be held. The invitation to attend will include a list of items on the agenda as well as an explanation of conditions for attendance and the rights of the shareholders. All documents and information on the forthcoming ordinary General Shareholders' Meeting are also available in good time for downloading from the website of Brenntag SE. After the General Shareholders' Meeting, Brenntag SE also publishes attendance and the results of votes on the Internet.

Due to the special restrictions imposed by the COVID-19 pandemic in financial year 2021, shareholders were again only able to attend the General Shareholder's Meeting virtually. However, in accordance with the provisions of the German COVID-19 Emergency Act, shareholders had the opportunity to submit questions in advance to the Board of Management and Supervisory Board until one day before the meeting. All questions were answered at the General Shareholders' Meeting. Due to the continuing pandemic and resulting restrictions, the next General Shareholders' Meeting in June 2022 is expected to also be held in the same way.

ACCOUNTING AND FINANCIAL STATEMENT AUDITING

The consolidated financial statements of Brenntag SE are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial statements of Brenntag SE, on which the dividend payment is based, are drawn up in accordance with the German Commercial Code and the German Stock Corporation Act. All single-entity and consolidated financial statements of Brenntag SE since the IPO in 2010 have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The audit is managed centrally by the PwC branch at Moskauer Str. 19, 40227 Düsseldorf. The undersigned statutory auditors are Christiane Lawrenz (2020 for the first time, both for the single-entity and consolidated financial statements) and Daniel Deing (2021 for the first time the single-entity and consolidated financial statements). The statutory requirements and requirements to rotate pursuant to Sections 319 and 319a of the German Commercial Code (HGB) are met. For financial year 2021, it was again agreed with the statutory auditors that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code"; this declaration was issued by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act.

INFORMATION ON TARGETS FOR THE PERCENTAGE OF WOMEN AND DIVERSITY

In accordance with Section 111, para. 5 of the German Stock Corporation Act, Brenntag SE is required to set targets for the share of women on the Supervisory Board, Board of Management and, in accordance with Section 76, para. 4 of the German Stock Corporation Act, on the first two management levels below the Board of Management. The Supervisory Board last set new targets for the share of women in the reporting year. In each case, the deadline for implementing the target is January 31, 2026. It set the target for the share of women on the Supervisory Board at 33.3% and the target for the share of women on the Board of Management at 20%. For the Supervisory Board, this corresponds to two women; for the Board of Management one woman.

The Board of Management last set targets for the share of women on the only management level in the company below the Board of Management in 2017 at 30%. The deadline for implementing the target is June 30, 2022. Although the deadline for implementation has not yet expired, the Board of Management has resolved new targets. As a result of the new matrix structure as part of the transformation process, there is now a second management level below the Board of Management for which a target also has to be set. The Board of Management aims to achieve a target of at least 30% for both levels by January 31, 2026. Taking into account the current structure and staffing of these management levels, a target of six women has been set for the first management level. A target of eight women has been set for the second management level. Naturally, the aforementioned targets do not rule out the possibility that the share of women will increase more than that. Before the above-mentioned deadline for implementation expires, the Supervisory Board and Board of Management will pass a resolution setting new targets.

In Doreen Nowotne and Stefanie Berlinger, the Supervisory Board has two female members so the share of women on the Supervisory Board was 33.3% in the report period and remains so. The percentage of women on the Board of Management remained unchanged at 0% during the reporting year but, with the appointment of Dr Kristin Neumann as Chief Financial Officer effective April 1, 2022, we will achieve the target of 20% in 2022.

As at December 31, 2021 the percentage of women on the first management level below the Board of Management was roughly 31.6%, which corresponds to six women. The share of women on the second management level below the Board of Management was 25%, which also corresponds to six women.

The advancement of young women is a major priority at Brenntag. The positive change in the percentage of women on the management levels below the Board of Management is a sign that the internal measures implemented are a success. The percentage of women in management roles is also to be further improved by their participation in external programmes, such as the Women into Leadership Initiative. We are confident that this will enable us to set the targets higher in the long term and keep them higher.

Apart from Brenntag SE, Brenntag GmbH is the only Group company pursuant to Section 36 and Section 52 of the German Limited Liability Companies Act (GmbHG) required to set targets for the percentage of women on the Supervisory Board, in the managing director team and on the two management levels below the managing directors. Brenntag GmbH is not required to disclose a management report because it has applied the exemption provisions pursuant to Section 264, para. 3 HGB. In accordance with Section 289a, para. 4, sentence 2 in conjunction with para. 1, sentence 2 HGB, Brenntag GmbH publishes its declaration with the specifications and disclosures in accordance with Section 289a, para. 2, No. 4 HGB on its website at www.brenntag.com/en-de/about/compliance/proportion-of-women-in-management-positions.

INFORMATION ON THE DIVERSITY POLICY

With respect to the composition of the Board of Management and Supervisory Board, Brenntag has a diversity policy in place that is designed to ensure diversity with regard to age, gender, training, educational and professional background as well as experience gained abroad. Brenntag promotes an informal and open-minded work culture with the greatest possible diversity (“Explore variety”). The diversity policy for the Board of Management and the Supervisory Board ensures that this approach is also reflected in these bodies. Brenntag is convinced that a holistic approach to diversity will strengthen the company in the long term by taking into account different perspectives, experiences and backgrounds, and it will create added value for Brenntag’s customers and suppliers as well as its employees.

DIVERSITY POLICY FOR THE BOARD OF MANAGEMENT

The diversity policy for the Board of Management is based on a holistic approach to ensure successful, long-term succession planning. In addition to the target for the share of women already described, there is an age limit of 65 for membership of the Board of Management. Furthermore, it is ensured that one member worked in the chemical and / or distribution industry, at least one member can prove professional experience gained abroad and at least one member has knowledge of financial reporting and accounting. The Supervisory Board takes these requirements into consideration when appointing new Board of Management members. Together with the Board of Management, the Supervisory Board ensures long-term succession planning that is geared to the company’s interests. The Presiding and Nomination Committee has taken account of the above-mentioned criteria in appointing the new member of the Board of Management effective January 1, 2021. Ewout van Jarwaarde was selected as a new member in suitably well-structured processes. In its current composition, the Board of Management of Brenntag SE fulfils the requirements of the diversity policy. The Presiding and Nomination Committee also took the above-mentioned criteria into account when selecting Dr Kristin Neumann as the new Chief Financial Officer.

DIVERSITY POLICY FOR THE SUPERVISORY BOARD / TARGETS FOR ITS COMPOSITION / PROFILE OF SKILLS AND EXPERTISE

Alongside specific targets regarding composition, the diversity policy for the Supervisory Board contains a profile of skills and expertise for the entire Board drawn up in line with the recommendations of the GCGC 2020. Accordingly, the composition of the Supervisory Board shall ensure that it can effectively monitor and advise the Board of Management and can perform its duties prescribed by law and by the Articles of Association in the best-possible way. In the situation specific to the company, the composition of the Supervisory Board adequately reflects the international activities of the company, an appropriate number of independent Supervisory Board members, in particular independent from customers, suppliers or other business partners of the company, diversity and an appropriate percentage of women.

The Supervisory Board's self-imposed objectives for the reporting year relate to age and gender of the Supervisory Board members but also to experience gained abroad. They have been fully implemented:

- At least 15% of the members of the Supervisory Board shall have particularly great experience gained abroad. This experience may also have been gained in other industries.
- At least 50% of the members of the Supervisory Board shall not hold offices at customers', suppliers' or lenders' of the company.
- At least 50% of the members of the Supervisory Board shall be independent within the meaning of the German Corporate Governance Code.
- At least 33.3% of the seats on the Supervisory Board shall be filled by women.
- No member of the Supervisory Board shall continue to hold office beyond the close of the General Shareholders' Meeting following his/her 70th birthday.

The profile of skills and expertise for the entire Board specifies the skills and expertise considered important by the Supervisory Board and sets the specific requirements, in particular with regard to educational and professional background. The main skills and expertise in this sense include in particular practical and professional experience in the chemical industry and the distribution sector as well as knowledge and experience of strategic and organizational development and of the management of a large international company. This includes in particular expertise in mergers & acquisitions. As a listed company, Brenntag SE is subject to capital market regulations. Therefore, it is important that the entire Supervisory Board is familiar with the functioning of the capital market and the relevant laws as well as with the requirements of corporate governance, corporate social responsibility and compliance management. It shall be ensured that the Supervisory Board in its entirety has the necessary knowledge and experience in financial reporting and accounting for a listed company and is familiar with controlling and risk management systems in an international business environment. Finally, the Supervisory Board shall have special professional expertise regarding digitization trends and processes, particularly to the extent that these are relevant for the chemical distribution sector. In addition, the Supervisory Board as a whole has knowledge in the area of ESG. Wijnand P. Donkers in particular has in-depth knowledge of this area due to his many years of experience and is an expert on these topics.

An overview of the current qualifications and expertise of the Supervisory Board members meeting the profile of skills and expertise is published on our website at Supervisory Board | Brenntag.

The Supervisory Board aims to continually improve its composition so as to meet the needs of the company and new business developments and ensure a composition suitable for the effective supervision and monitoring of the company, taking into account management experience and specific expertise in various fields such as accounting, auditing, digitalization and sustainability.

The Supervisory Board is pursuing these objectives and the implementation of the diversity policy as a whole in its proposals to the General Shareholders' Meeting for the election of Supervisory Board members.

The current composition of the Supervisory Board is in line with its self-imposed objectives and the profile of skills and expertise. The members of the Supervisory Board of Brenntag SE have been chosen for their professional qualifications, their knowledge and their particular experience. The members of the Supervisory Board as a whole are familiar with the business sector in which Brenntag operates and have the required experience.

INDEPENDENCE

In the Supervisory Board's opinion, a suitable number of independent members is at least three. The Supervisory Board believes that all current members are to be regarded as independent as defined by the GCGC. When arriving at this assessment, the Supervisory Board took into consideration that, as of March 2022, the Supervisory Board Chairwoman, Doreen Nowotne, and Dr Andreas Rittstieg have been members of the Supervisory Board for more than 12 years. However, further indicators for a lack of independence as set out in the GCGC do not apply to either of them. The length of tenure indicator does not conflict with the overall independence of both.

Doreen Nowotne and Dr Rittstieg consider themselves to be independent. In their consulting and monitoring duties, they demonstrate the necessary distance to the Board of Management along with the capacity for objective judgement, especially since the composition of the Board of Management has changed during the term of office of both of them. The Supervisory Board feels that it is important to have at least one long-serving member in order to maintain a minimum level of consistency in advice provided to the Board of Management given the daunting challenges the chemical industry is facing, in particular digitalization and climate protection.

The manner in which they have performed their duties to date gives the company no indication of possible conflicts of interest that could influence the judgment of either of them. On the basis of their professional experience and expertise in their Supervisory Board and committee work, both also demonstrate sufficient critical distance to the company and the Board of Management.

A further aspect considered in the assessment of independence was that both members do not represent any shareholder on the Supervisory Board. Both were re-elected by a large majority (over 94% of the votes cast) at the General Shareholders' Meeting 2020 after disclosing their previous committee memberships. The Supervisory Board sees this as confirmation that, in addition to their own assessment, the shareholders also have sufficient confidence that Doreen Nowotne and Dr Rittstieg maintain their independence when performing their duties.

Finally, it should be noted that Ms Nowotne and Dr Rittstieg also have other duties and hold other offices and no business relations exist between the company and them.

Further information on the members of the Supervisory Board can be found on the website at Supervisory Board | Brenntag.

REMUNERATION REPORT
OF BRENNTAG SE

REMUNERATION OF THE BOARD OF MANAGEMENT

Board of Management Remuneration Systems

The Supervisory Board is responsible for setting the remuneration of the Board of Management members. The Presiding and Nomination Committee of the Supervisory Board discusses and reviews the remuneration system for the Board of Management at regular intervals and prepares resolutions on any changes thereto. In its decisions on the setting of the remuneration system, the Supervisory Board takes into account the remuneration and employment conditions of the employees of Brenntag SE, in particular the senior managers. In addition, until inclusion of the Brenntag share in the DAX, the Supervisory Board had compared the MDAX companies to assess the appropriateness of Board of Management remuneration.

The Board of Management remuneration systems, in particular the Board of Management remuneration system that was introduced in 2020 in line with the German Corporate Governance Code 2020 and the requirements of the amended German Stock Corporation Act, are designed to be clear and comprehensible and support the Group's long-term performance by creating effective incentives for growth and increasing profitability. The aim of the remuneration systems is to create an incentive for successful and sustainable corporate development. The systems are therefore geared to transparent, performance-based remuneration that is strongly focused on the company's success and that depends in particular on long-term, but also operational targets, the performance of the Brenntag share price as well as sustainability criteria.

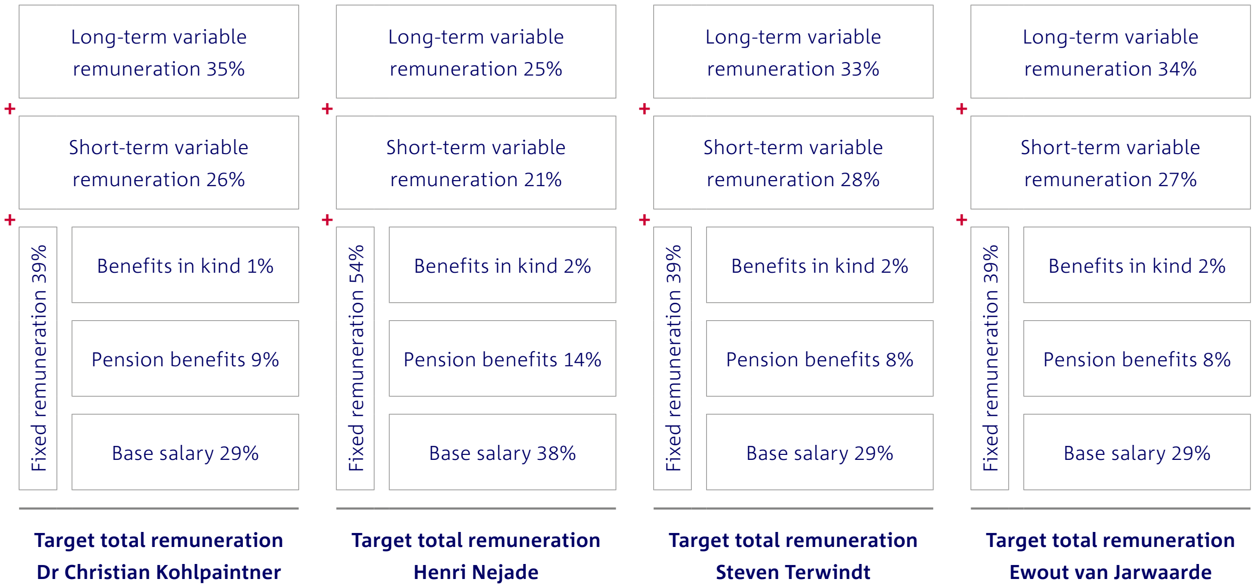
Two different remuneration systems are currently being used. The first remuneration system used dates from 2015 and applies to Board of Management members who were already in office before January 1, 2020 (Board of Management Remuneration System 2015). The second system used is a new remuneration system for Board of Management members who have been appointed to the Board since January 1, 2020 (Board of Management Remuneration System 2020). With effect from January 1, 2021 Henri Nejade changed from the Board of Management Remuneration System 2015 to the Board of Management Remuneration System 2020. The Board of Management Remuneration System 2020 was adopted by the Supervisory Board on December 23, 2020 and approved by the Annual General Shareholders' Meeting on June 10, 2021 with a 91.62% share of the vote. The Supervisory Board is seeking to standardize the remuneration systems for all members of the Board of Management. The annual base salary and the variable remuneration components are shown separately in the following. There then follows a description of benefits in kind and other contractual provisions that are structured in a comparable manner in both remuneration systems.

BOARD OF MANAGEMENT REMUNERATION SYSTEM 2020

The Board of Management Remuneration System 2020 applied to Dr Christian Kohlpaintner and Steven Terwindt in 2020 and to Dr Christian Kohlpaintner, Steven Terwindt, Henri Nejade and Ewout van Jarwaarde in 2021. The following describes the remuneration system as it is actually applied to the aforementioned members of the Board of Management. It is applied exactly within the framework of the Board of Management Remuneration System adopted by the Supervisory Board and approved by the Annual General Shareholders' Meeting 2021.

The remuneration comprises fixed remuneration and variable remuneration. The **fixed remuneration** consists of a base salary, pension benefits and benefits in kind. The variable remuneration is composed of short-term and long-term variable remuneration components.

Of the target total remuneration of the Board of Management members, fixed remuneration accounts for between 39% and 54%, short-term variable remuneration components for between 21% and 28% and long-term variable remuneration components for between 25% and 35%.



B.01 REMUNERATION STRUCTURE – REMUNERATION SYSTEM 2020

In addition to the above-mentioned remuneration components, the Board of Management members receive **benefits in kind** under their service agreements such as a company car, also for private use, or a car allowance and benefits for health care and long-term care insurance. Steven Terwindt and Ewout van Jarwaarde also receive a budget for a transitional period, which can be used for accommodation at the Essen location.

The Annual Base Salary is paid in twelve equal monthly instalments at the end of each month. If the service agreement begins or ends during a financial year, the Annual Base Salary for that financial year is payable on a pro rata temporis basis. The variable remuneration consists of two components: short-term variable remuneration in the form of an annual bonus payment (Annual Bonus) and long-term variable remuneration in the form of virtual shares (Performance Share Plan) of Brenntag SE. The Annual Bonus provides an incentive to achieve the operational business objectives of the financial year, which in turn are derived from the business strategy and the annual budget plans. The Performance Share Plan is designed to provide an incentive to ensure the long-term performance of the company.

The **Annual Bonus** depends on the business success of Brenntag in the past financial year. It is calculated on the basis of achievement of the targets set for the financial year

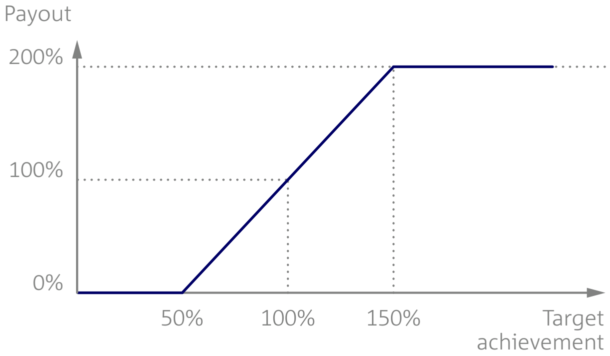
- organic EBITDA growth,
- an improvement in working capital turnover and
- earnings per share growth.

For Dr Christian Kohlpaintner, 100% of all three target criteria related in 2020 to the Group level. For Steven Terwindt in 2020, as far as organic EBITDA growth and improvement in working capital turnover were concerned, 25% related to Group level and 75% to the North and Latin America regions for which he is responsible, and as regards earnings per share growth, 100% to Group level. In 2021, 100% of all three target criteria for Dr Christian Kohlpaintner, Steven Terwindt, Henri Nejade and Ewout van Jarwaarde relate to Group level. An individual performance multiplier is also used to assess the performance of the Board of Management members. The Supervisory Board has set the three key performance indicators, organic EBITDA growth, improvement in working capital turnover and earnings per share growth, as the financial targets of the Board of Management members. Organic EBITDA reflects the company's profitability from business operations excluding acquisitions; this KPI is weighted at 60% in the bonus calculation. Working capital turnover is a key performance indicator for Brenntag to ensure efficient deployment of capital; the weighting is 20%. Earnings per share as a key profit indicator – particularly for our shareholders – is also weighted at 20%. The targets for the three KPIs are derived from the annual budget plans and are set annually by the Supervisory Board.

		Preliminary payout amount (0–200% of target amount)								
Target amount in EUR	×	Organic EBITDA (growth)	+	Working capital turnover (improvement)	+	Earnings per share (growth)	×	Individual performance multiplier (0.7–1.3)	=	**Payout amount in EUR (max. 200% of target amount)**
		Weighting 60%		Weighting 20%		Weighting 20%				

B.02 STRUCTURE OF THE ANNUAL BONUS – REMUNERATION SYSTEM 2020

The achievement of each KPI target is calculated by comparing the figure actually achieved in the past financial year with the target set before the beginning of the past financial year. This ratio is expressed as a percentage. Overall target achievement is calculated by multiplying the target achievement figures of the three KPIs by their respective weightings and then adding together these three weighted target achievement figures. If overall target achievement is 100%, the preliminary payout amount is 100% of the target amount. If overall target achievement is 50% or less, the Board of Management members receive no Annual Bonus. For an overall target achievement of 150% or more, the preliminary payout amount is 200% of the target amount. The preliminary payout amount increases linearly for overall target achievement percentages between 50% and 150%.



B.03 ANNUAL BONUS PAYOUT CURVE – REMUNERATION SYSTEM 2020

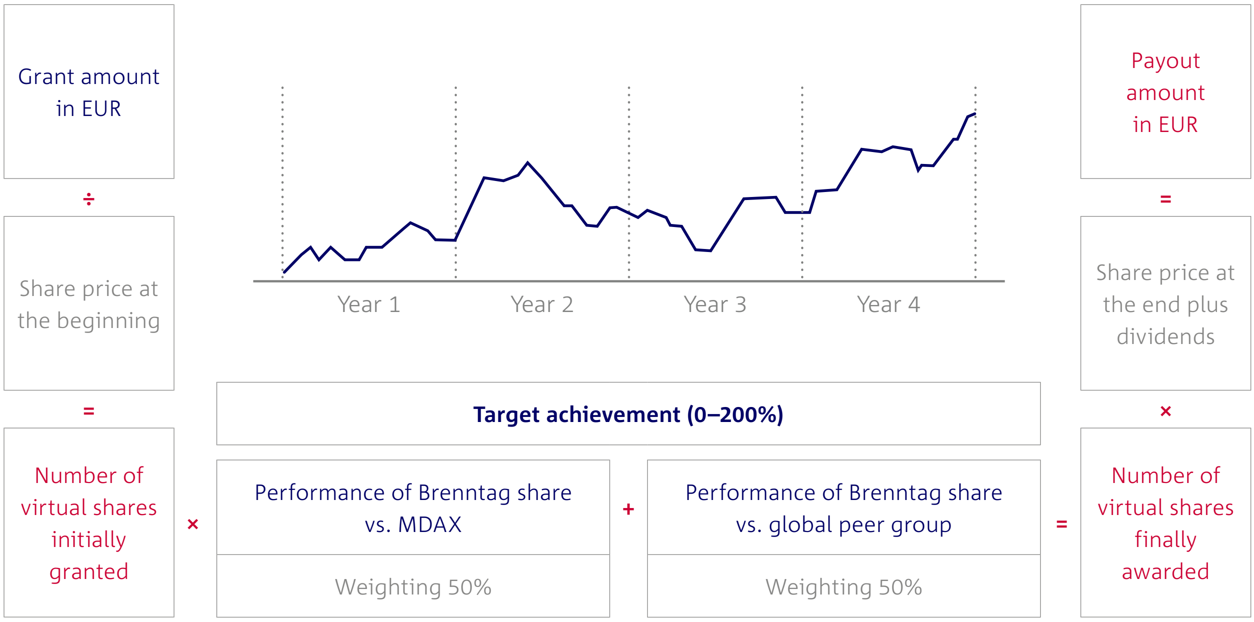
In order to determine the final payout amount, the preliminary payout amount is multiplied by the individual performance multiplier. The individual performance multiplier is set by the Supervisory Board after each financial year in a range between 0.7 and 1.3. In doing so, the Supervisory Board takes into account the individual financial and non-financial performance that cannot be reasonably measured by applying KPIs. This refers to topics of environmental and social responsibility (e.g. succession planning, development of executive employees of the company, environmental responsibility, compliance) and sustainable corporate development (e.g. integration of acquisitions). The final payout amount is capped at max. 200% of the individual and contractually agreed target amount (Cap). If the service agreement begins or ends during a financial year, the target amount for that financial year is granted on a pro rata temporis basis.

The Annual Bonus is paid out within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year for which the Annual Bonus has been determined.

The Supervisory Board is entitled to unilaterally adjust or change the Annual Bonus plan conditions or terminate the respective plan at any time.

The **long-term variable remuneration** is in the form of virtual shares (Performance Share Units). The value of the payout depends on the relative performance of the Brenntag share compared with two peer groups and the absolute development of the Brenntag share price over a four-year performance period. The virtual shares are contingently granted in annual tranches. Payout is made following completion of the performance period.

The annual virtual shares are contingently granted on January 1 of each financial year. The number of shares initially granted is calculated by dividing the individual and contractually agreed grant amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the amount for that financial year is granted on a pro rata temporis basis.



B.04 STRUCTURE OF THE PERFORMANCE SHARE PLAN – REMUNERATION SYSTEM 2020

The number of virtual shares that a Board of Management member is finally granted at the end of the four-year performance period depends on two performance criteria that are each weighted at 50%: the outperformance of the total shareholder return (TSR) of the Brenntag share compared with

- the performance of the MDAX and
- the average TSR of a peer group of global competitors.

Due to the inclusion of the Brenntag share in the DAX, the DAX will be used as the benchmark index instead of the MDAX for the LTI tranche that will be granted in 2022.

The peer group of global competitors consists of the following companies:

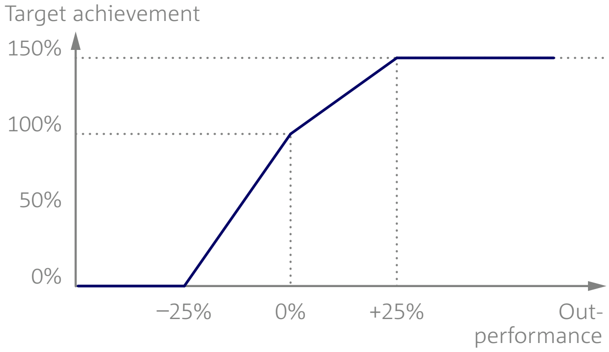
Aalberts Industries NV	Air Liquide S.A.	Ashland Global Holdings Inc.
Bunzl plc	DKSH Holding AG	Electrocomponents plc
Evonik Industries AG	Ferguson plc	IMCD N.V.
Linde plc	McKesson Corporation	Rexel S.A.
Travis Perkins plc	Univar Inc.	WW Grainger Inc.

B.05 PEER GROUP OF GLOBAL COMPETITORS

The peer group of global competitors will be expanded to include Azelis Group N.V. for the LTI tranche that will be granted in 2022.

The Supervisory Board has set these two performance criteria. The TSR is a key performance indicator for our shareholders. The TSR reflects the development of the value, i.e. the return, of the Brenntag share. Both share price changes and dividends, but also other capital measures, are taken into account. A comparison of the TSR of the Brenntag share with the shareholder return of other companies measures the advantages of an investment in the Brenntag share compared with alternative investments in shares of other companies. It is of central importance for the long-term stability of the company that shareholders receive an attractive return on their investment in Brenntag shares.

Target achievement of each performance criterion is calculated by subtracting the performance of the MDAX or the average TSR of the global peer group from the TSR of the Brenntag share. If the performance of the MDAX or the average TSR of the global peer group equals the TSR of the Brenntag share, target achievement is 100%. If the TSR of the Brenntag share outperforms the MDAX or the average TSR of the global peer group by 25% or more percentage points, target achievement is 150%. If the TSR of the Brenntag share underperforms the MDAX or the average TSR of the global peer group by 25% or more percentage points, target achievement is 0%. Values inbetween are determined by linear interpolation. Overall target achievement is calculated by multiplying the target achievement figures of the two performance criteria by their respective weightings and then adding together these two weighted target achievement figures.



B.06 TARGET ACHIEVEMENT CURVE OF THE PERFORMANCE SHARE PLAN – REMUNERATION SYSTEM 2020

The number of virtual shares that a Board of Management member is finally granted at the end of the four-year performance period is calculated by multiplying the number of virtual shares initially granted by the overall target achievement.

The payout amount is determined by multiplying the number of virtual shares finally granted by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months prior to the end of the performance period plus dividend payments during the performance period. The payout amount is capped at max. 200% of the individual and contractually set grant amount (Cap).

The payout amount is paid within three months from approval of the consolidated financial statements by the Supervisory Board, but at the latest twelve months after the end of the financial year in which the performance period ends.

The Supervisory Board is entitled at any time to unilaterally adjust or change the Performance Share Plan conditions or terminate the respective plan.

All variable remuneration components of a Board of Management member are only paid out after the end of the regular plan period. The Supervisory Board is contractually entitled to retain the variable remuneration (malus) in whole or in part if a Board of Management member violates his obligations under Section 93 of the German Stock Corporation Act. In addition, the Supervisory Board is contractually entitled to reclaim parts of the variable remuneration (claw-back) if a Board of Management member violates his obligations under Section 93 of the German Stock Corporation Act, payout of the variable remuneration was made on the basis of incorrect data or the company's EBITDA decreases by at least 25% within two years and during the Board of Management member's service compared with the EBITDA for which the variable remuneration was paid. A reclaim of variable remuneration is possible up to an amount of 25% of the total remuneration for the respective financial year.

In financial year 2021 no variable remuneration was retained or reclaimed.

The maximum payout amount from the Annual Bonus is based on a target achievement of 150% or more. The maximum payout amount is 200% of the target amount. Even the application of the individual performance multiplier cannot increase the payout amount over this cap of 200% (maximum remuneration).

Under the Performance Share Plan the number of virtual shares finally granted is limited to 150% of the number of virtual shares initially granted. This maximum number of shares is reached when the Brenntag share outperforms the MDAX and the global peer group (each weighted at 50%) by 25 percentage points or more. In addition, the payout amount depends on the performance of the Brenntag share price and on dividend payments. The total payout under the Performance Share Plan is limited to 200% of the initial grant amount (maximum remuneration).

The **maximum total remuneration**, comprising the sum of Annual Base Salary, maximum Annual Bonus remuneration, maximum Performance Share Plan remuneration, the amount made available to build up pension entitlements, and benefits in kind has been set at EUR 5,650,000 for Dr Christian Kohlpaintner, at EUR 3,000,000 for Steven Terwindt, at EUR 3,400,000 for Henri Nejade and at EUR 2,700,000 for Ewout van Jarwaarde. If the service agreement begins or ends during a financial year, the remuneration cap for that financial year is adjusted on a pro rata temporis basis.

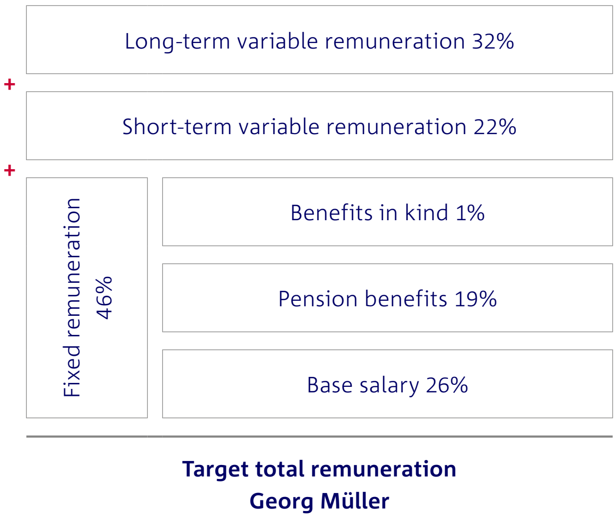
In order to bring the interests of the Board of Management and shareholders more closely into line and to strengthen Board of Management members' participation in the company, an **obligation** for Board of Management members **to purchase and hold Brenntag shares** (Share Ownership Guideline) was introduced for the first time in 2020. The CEO is obliged to purchase and continue to hold shares to the value of 200% of his Annual Base Salary and Steven Terwindt, Henri Nejade and Ewout van Jarwaarde shares to the value of 100% of their annual base salaries, in each case for two years after the end of their service. Dr Christian Kohlpaintner, Steven Terwindt and Ewout van Jarwaarde must purchase the shares within four years, and Henri Nejade within two years. In each of these four or two years shares equivalent to 25% or 50% of the holding obligation must be purchased. Compliance with the obligation to hold shares is checked once a year as at December 31. The last check as at December 31, 2020 showed that all Board of Management members subject to the obligation had met their obligation to hold shares in full. The next check as at December 31, 2021 is expected to take place in March 2022.

BOARD OF MANAGEMENT REMUNERATION SYSTEM 2015

The Board of Management Remuneration System 2015 applied to Karsten Beckmann, Markus Klähn, Georg Müller and Henri Nejade in 2020 and only applies to Georg Müller in 2021.

The total remuneration of those Board of Management members consists of three components: a fixed Annual Base Salary, short-term, capped variable cash remuneration (Annual Bonus) and long-term, capped variable remuneration (Long-Term Incentive Bonus). In addition to the above-mentioned remuneration components, they receive pension benefits, contractually agreed benefits in kind and other benefits such as a company car, also for private use, or a car allowance and benefits for health care and long-term care insurance.

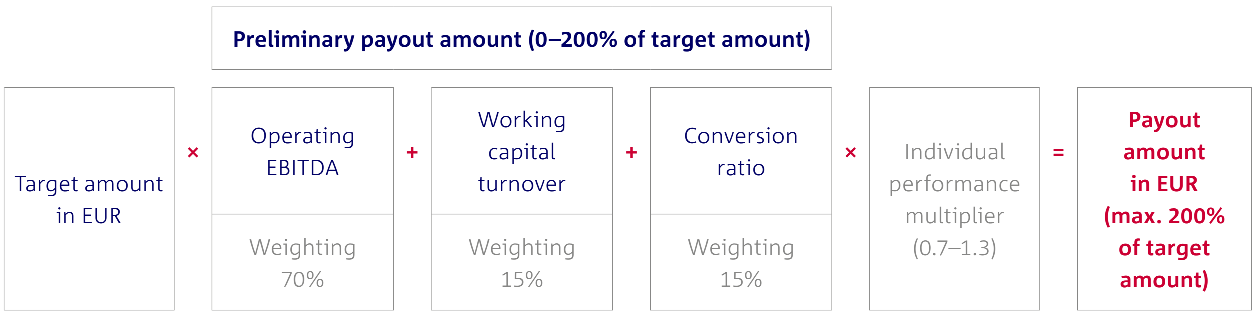
Fixed remuneration accounts for 46% of Georg Müller's target total remuneration, short-term variable remuneration components for 22% and long-term variable remuneration components for 32%.



B.07 REMUNERATION STRUCTURE REMUNERATION SYSTEM 2015

The **Annual Base Salary** is payable in twelve equal monthly instalments.

The Preliminary **Annual Bonus** agreed as short-term variable remuneration is based on a contractually specified amount (Annual Bonus) and depends on the achievement of certain targets based on specific key performance indicators (KPIs). The KPIs specified are operating EBITDA (70%), working capital turnover (WCT; 15%) and conversion ratio (operating EBITDA / operating gross profit; 15%). In the cases of Karsten Beckmann, Markus Klähn and Henri Nejade, 66.67% of this bonus was based in 2020 on targets for the particular region they were responsible for and 33.33% on targets for the Group. For Henri Nejade this percentage split for the targets applied to the first half of 2020. After he also assumed responsibility for EMEA, 33.33% of Henri Nejade's bonus for the second half of 2020 was based on targets for Asia Pacific, 33.33% on targets for EMEA and 33.34% on targets for the Group.

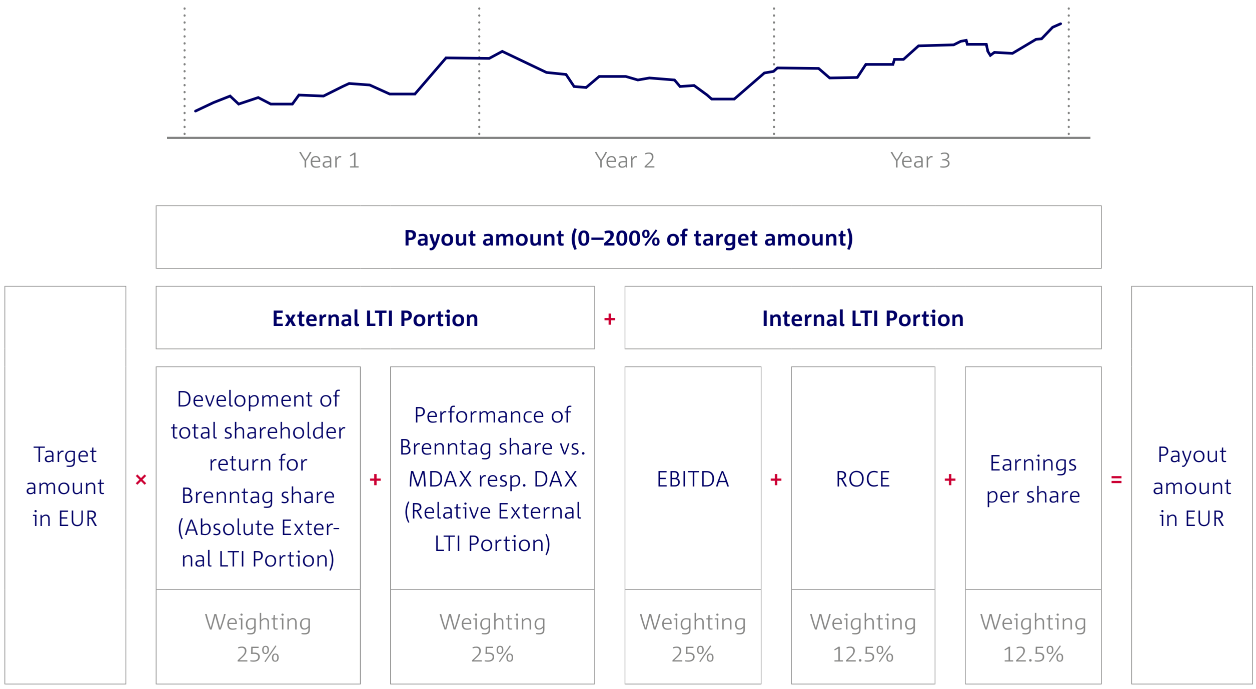


B.08 STRUCTURE OF THE ANNUAL BONUS – REMUNERATION SYSTEM 2015

The sole deciding factor in the calculation of the Annual Bonus is the achievement of the KPI targets in the financial year for which the bonus is paid. The targets and the figures actually achieved are translated using the same exchange rates. If the target set for a KPI is not achieved, this part of the bonus is reduced by 4% for each 1% shortfall of the target set. If the target is exceeded, the relevant part of the bonus is increased by 4% for each 1% exceedance of the target set. The KPI targets for the coming financial year are mutually agreed by the Supervisory Board and Board of Management, or, if they are not separately set, are derived from the annual budget for the relevant financial year as approved by the Supervisory Board. In addition, individual performance is taken into account in that, at the end of the financial year, the Supervisory Board decides on a multiplier for the Preliminary Annual Bonus (amount after allowance for target shortfalls or exceedances) of between 0.7 and 1.3. The resulting Final Annual Bonus is capped at 200% of the Annual Bonus. If the service agreement does not subsist for a full twelve months in a financial year, the Final Annual Bonus is paid pro rata temporis.

On the basis of a contractually set Annual Target Amount, the **long-term variable remuneration** component is subject to a vesting period of three years in each case. 50% of the Target Amount is contingent on the performance of the Brenntag SE shares during these three years (External LTI Portion) and 50% is contingent on the long-term development of specific Group-wide KPIs (Internal LTI Portion).

50% of the External LTI Portion is measured by the absolute development of the total shareholder return for the Brenntag SE shares during the vesting period (Absolute External LTI Portion), while the other 50% of the External LTI Portion for the 2018-2020, 2019-2021 and 2020-2022 tranches is linked to the relative development of the total shareholder return for the Brenntag SE shares compared with the performance of the MDAX during the vesting period, for the 2021-2023 tranche to the relative development of the total shareholder return for the Brenntag SE shares compared with the performance of the DAX during the vesting period (Relative External LTI Portion). For every percentage point by which the volume-weighted average share price on the last trade day of the vesting period plus dividend payments during the vesting period exceeds or falls short of the average share price on the last trade day before the vesting period, the Absolute External LTI Portion is increased or decreased by 2%. For every percentage point by which, for the 2018-2020, 2019-2021 and 2020-2022 tranches, the MDAX is over- or underperformed in the vesting period, and for the 2021-2023 tranche the DAX is over- or underperformed in the vesting period, the Relative External LTI Portion is increased or decreased by 3%. The overall External LTI Portion at the end of the relevant vesting period equals the sum of the Absolute External LTI Portion and the Relative External LTI Portion. The Absolute and Relative External LTI Portions may not be less than EUR 0. The External LTI Portion is capped overall at 200% of the contractually set Target Amount for the External LTI Portion.



B.09 STRUCTURE OF THE LONG-TERM INCENTIVE BONUS – REMUNERATION SYSTEM 2015

The internal LTI Portion is measured by the following KPI targets, which are agreed at the end of each financial year for the following three-year vesting period in an LTI Bonus Plan: EBITDA (50%), ROCE (EBITA / (the average carrying amount of equity plus the average carrying amount of financial liabilities less the average carrying amount of cash and cash equivalents)) (25%) and earnings per share (25%). At the end of each financial year during a vesting period, the achievement of the KPI targets in the particular financial year is calculated for a share of 1/3 of the Internal LTI Portion (Annual Internal LTI Portion). For every percentage point by which the targets of a given KPI are over- or underperformed in the particular financial year, the Annual Internal LTI Portion is increased or decreased by 3%. This may also lead to a negative Annual Internal LTI Portion. The overall Internal LTI Portion at the end of the relevant vesting period equals the sum of the Annual Internal LTI Portions. The Internal LTI Portion is also capped at 200% of the contractually set Target Amount for the Internal LTI Portion. The overall Internal LTI Portion for a vesting period may not be less than EUR 0.

The Long-Term Incentive Bonus for each financial year equals the sum of the External and Internal LTI Portions and is capped at 200% of the Target Amount (LTI Cap). Any entitlements to a Long-Term Incentive Bonus are forfeited in the event that the company terminates a Board of Management member's service agreement prior to the expiry of its term by virtue of a termination for cause or in the event of voluntary resignation by a Board of Management member without the company having set an important cause for such resignation. In all other cases, the contractually set Target Amount for the relevant ongoing financial year is paid out on a pro rata temporis basis, all External and Internal LTI Portions granted for prior years but not yet paid out are paid out prematurely. The relevant parameters at the end of the service period are used for measurement.

Further Remuneration and Contractual Provisions

The following describes further remuneration and contractual provisions that are largely applicable under both the Board of Management remuneration system 2015 and the Board of Management remuneration system 2020.

For the purpose of building up **pension entitlements**, Dr Christian Kohlpaintner receives from the company an annual amount of EUR 300,000 and may decide at his own discretion how to use this money. The annual amount made available is paid in twelve equal monthly instalments, in each case at the end of the month. If the service agreement begins or ends during a financial year, the annual amount will be granted on a pro rata temporis basis for that financial year.

For the purpose of building up pension entitlements, the other members of the Board of Management receive an annual amount of 13.5% of their Annual Base Salary and the short-term variable remuneration (on 100% target achievement, i.e. irrespective of the actual targets achieved).

In the case of Georg Müller, the relevant amount is transferred annually into the Deferred Compensation Contingency Plan of Brenntag SE. This plan also contains an arrangement for a widows and orphans pension which would amount to 60% and 20% respectively of the full pension entitlements. The pension liability insurance policies taken out with the Board of Management member as beneficiary are pledged to him.

Henri Nejade has the option either to use this amount in whole or in part for contributions to his French social insurance or to also pay it annually into the Deferred Compensation Contingency Plan of Brenntag SE. For 2021, Henri Nejade had decided to pay the amount into the Deferred Compensation Contingency Plan.

Steven Terwindt and Ewout van Jarwaarde are paid out the relevant amount for building up pension entitlements every year and may decide at their own discretion how to use this money.

The amounts expensed or accrued in 2021 and the present values of the pension commitments for the current members of the Board of Management are as follows in 2021:

in EUR k	Dr Christian Kohlpaintner	Georg Müller	Henri Nejade	Steven Terwindt	Ewout van Jarwaarde
Cost of pension commitments	–	475	336	–	–
Present value of pension commitments	–	6,622	2,089	–	–

B.10 PENSION COMMITMENTS IN ACCORDANCE WITH IFRSS

Apart from the amounts explained above, which are made available to build up pension entitlements, no other arrangements for retirement and early retirement have been agreed.

In addition to the above-mentioned remuneration components, the Board of Management members receive **benefits in kind and other benefits**, such as a company car, also for private use, or a car allowance and benefits for health care and long-term care insurance.

The benefits for health care and long-term care insurance are limited to max. 50% of the premium they pay into their health care and long-term care insurance. Steven Terwindt is provided with supplementary health insurance based on the national health insurance system in Canada. Furthermore, a group accident insurance has been taken out. In addition, the company has taken out Directors & Officers Insurance (damage liability insurance) for the Board of Management members. This provides for a deductible of 10% of the damages claimed in each case, but in each year limited to 150% of the Annual Base Salary. For his services as director for Brenntag companies in Asia Pacific of Brenntag Asia Pacific Pte. Ltd., Singapore, Henri Nejade also receives fixed remuneration from this subsidiary in the amount of SGD 600,000 per annum, depending on the exchange rate but no more than EUR 400,000. Steven Terwindt and Ewout van Jarwaarde also receive a budget for a transitional period, which can be used for accommodation at the Essen location. For Steven Terwindt, this budget is EUR 16,200 per year and is only available until July 31, 2023. For Ewout van Jarwaarde, this budget is EUR 1,000 per month and is only available until June 30, 2021.

In the event of temporary disability due to illness, accident, or any other cause not due to the fault of a member of the Board, said member is entitled to continued payment of the full Annual Base Salary for a period of no more than nine months. For the first three months of such incapacity, full entitlement to the Annual Bonus and the target or grant amount of the long-term variable remuneration is also retained. In the event of the death of a Board of Management member, the base salary is paid to his surviving dependants for the month of his death and the six months following his death or until the date on which the service agreement would have been terminated without his death, whichever event occurs first.

Contract Termination Provisions

The service agreements of the Board of Management members end automatically on specified dates without any notice of termination being required. The employment of Board of Management members may only be terminated prematurely for good cause or by mutual agreement. If employment is terminated prematurely, the service agreement limits any severance pay to the value of twice the total annual remuneration, but no more than the amount of remuneration that would be paid until the end of the term of the service agreement.

A post-contractual non-compete clause has been agreed with Dr Christian Kohlpaintner, Steven Terwindt and Ewout van Jarwaarde. The post-contractual non-compete obligation applies for a period of 24 months after the termination of the service agreement. During this period Dr Christian Kohlpaintner, Steven Terwindt and Ewout van Jarwaarde receive a continuous payment amounting to 75% of their Annual Base Salary. Any earnings pursuant to Section 74c of the German Commercial Code (HGB) are deducted from this payment. There is no separate post-contractual non-compete clause for Georg Müller and Henri Nejade.

There are no separate change-of-control arrangements.

Performance Criteria in the Financial Year

INFORMATION ON THE PERFORMANCE CRITERIA FOR THE VARIABLE REMUNERATION EARNED IN THE FINANCIAL YEAR 2021

The performance criteria for the Annual Bonus of the Board of Management members were set for the financial year 2021 at the end of 2020. As previously described, Dr Christian Kohlpaintner, Steven Terwindt, Henri Nejade and Ewout van Jarwaarde were incentivized under the Board of Management Remuneration System 2020, Georg Müller under the Board of Management Remuneration System 2015.

The following table shows the respective targets and the results actually achieved for Dr Christian Kohlpaintner, Steven Terwindt, Henri Nejade and Ewout van Jarwaarde. The respective target achievement is calculated from the two figures.

	Dr Christian Kohlpaintner, Henri Nejade, Steven Terwindt, Ewout van Jarwaarde		
	Target	Result	Target achievement
Organic EBITDA growth			
Brenntag Group	12.0%	26.2%	218.3%
Improvement in working capital turnover			
Brenntag Group	0.80x	0.98x	122.5%
Earnings per share growth			
Brenntag Group	12.0%	−4.0%	–

B.11 PERFORMANCE CRITERIA FOR THE EARNED ANNUAL BONUS – REMUNERATION SYSTEM 2020

The performance criteria in 2021 for Georg Müller are as follows:

	Georg Müller		
	Target	Result	Target achievement
Operating EBITDA			
Brenntag Group	EUR 1,107.8 m	EUR 1,332.6 m	120.3%
Working capital turnover			
Brenntag Group	8.0x	8.3x	103.7%
Conversion ratio			
Brenntag Group	39.7%	39.8%	100.3%

B.12 PERFORMANCE CRITERIA FOR THE EARNED ANNUAL BONUS – REMUNERATION SYSTEM 2015

The individual performance multiplier, which is applied to the Annual Bonus in both remuneration systems, was set by the Supervisory Board at 1.00 for all Board of Management members. The individual performance multiplier takes into account the individual financial and non-financial performance that cannot be reasonably measured by applying KPIs. For 2021, the Board of Management initiated various environmental, social and governance (ESG) measures. The Supervisory Board took the progress of those measures fully into account in setting the individual performance multiplier. Amongst others, the progress of the "Project Brenntag" was assessed when determining the individual performance multiplier.

The annual bonuses for 2021 are calculated on the basis of the performance criteria previously described and the individual performance multipliers as follows:

	Dr Christian Kohlpaintner	Henri Nejade	Steven Terwindt	Ewout van Jarwaarde
Target amount	**EUR 900k**	**EUR 500k**	**EUR 500k**	**EUR 450k**
Organic EBITDA growth (weighting 60%)				
Brenntag Group				
Target achievement	218.33%	218.33%	218.33 %	218.33 %
Improvement in working capital turnover (weighting 20%)				
Brenntag Group				
Target achievement	122.50%	122.50%	122.50 %	122.50 %
Earnings per share growth (weighting 20%)				
Brenntag Group				
Target achievement	–	–	–	–
Overall target achievement	155.50%	155.50%	155.50 %	155.50 %
Payout factor	200.00%	200.00%	200.00 %	200.00 %
Preliminary payout amount	EUR 1,800k	EUR 1,000k	EUR 1,000k	EUR 900k
Individual performance indicator	1.00	1.00	1.00	1.00
Final payout amount	**EUR 1,800k**	**EUR 1,000k**	**EUR 1,000k**	**EUR 900k**

B.13 CALCULATION OF THE ANNUAL BONUS EARNED IN 2021 – REMUNERATION SYSTEM 2020

	Georg Müller
Target amount	**EUR 550k**
Operating EBITDA (weighting 70%)	
Brenntag Group	
Pro rata target amount	EUR 385k
Target achievement	120.3%
Payout factor	181.2 %
Pro rata preliminary bonus amount	EUR 698k
Working capital turnover (weighting 15%)	
Brenntag Group	
Pro rata target amount	EUR 83k
Target achievement	103.7%
Payout factor	114.6%
Pro rata preliminary bonus amount	EUR 95k
Conversion ratio (weighting 15%)	
Brenntag Group	
Pro rata target amount	EUR 83k
Target achievement	100.3%
Payout factor	101.4%
Pro rata preliminary bonus amount	EUR 84k
Preliminary payout amount	EUR 876k
Individual performance multiplier	1.00
Final payout amount	**EUR 876k**

B.14 CALCULATION OF THE ANNUAL BONUS EARNED IN 2021 FOR GEORG MÜLLER – REMUNERATION SYSTEM 2015

The performance criteria for the 2019-2021 tranche of the Long-Term Incentive Bonus under the Board of Management Remuneration System 2015 were set at the end of 2018. Georg Müller, Henri Nejade and Markus Klähn were incentivized under the Board of Management Remuneration System 2015.

The following table shows the performance criteria for the External LTI Portion of the 2019-2021 tranche:

	2019-2021 tranche
Share price at the beginning of the performance period (Jan. 1, 2019)	EUR 43.21
Share price at the end of the performance period (Dec. 31, 2021)	EUR 79.27
Dividend payments during the performance period	EUR 3.80
Absolute shareholder return for the Brenntag share	**92.3%**
MDAX at the beginning of the performance period (Jan. 1, 2019)	23,556 points
MDAX at the end of the performance period (Dec. 31, 2021)	34,758 points
MDAX performance during the performance period	47.6%
Relative shareholder return for the Brenntag share versus the MDAX	**44.7%**

B.15 PERFORMANCE CRITERIA FOR THE EARNED EXTERNAL LTI PORTION OF THE 2019-2021 TRANCHE – REMUNERATION SYSTEM 2015

By way of exception, a shortened performance period for the External LTI Portion applies to Markus Klähn as a result of the early termination of his service agreement. The performance criteria are therefore as follows:

	2019-2021 tranche
Share price at the beginning of the performance period (Jan. 1, 2019)	EUR 43.21
Share price at the end of the performance period (Jun. 30, 2021)	EUR 76.08
Dividend payments during the performance period	EUR 3.80
Absolute shareholder return for the Brenntag share	**84.9%**
MDAX at the beginning of the performance period (Jan. 1, 2019)	23,556 points
MDAX at the end of the performance period (Jun. 30, 2021)	33,087 points
MDAX performance during the performance period	40.5%
Relative shareholder return for the Brenntag share versus the MDAX	**44.4%**

B.16 PERFORMANCE CRITERIA FOR THE EARNED EXTERNAL LTI PORTION OF THE 2019-2021 TRANCHE FOR MARKUS KLÄHN – REMUNERATION SYSTEM 2015

The following tables show the respective targets and the results actually achieved for the Internal LTI Portion for the individual years of the 2019-2021 tranche. The respective target achievement is calculated from the two figures:

	2019-2021 tranche		
	Target	Result	Target achievement
EBITDA			
2019[1]	EUR 927.3 m	EUR 885.5 m	95.5%
2020	EUR 984.6 m	EUR 1,057.7 m	107.4%
2021	EUR 1,043.6 m	EUR 1,344.6 m	128.8%
ROCE			
2019[1]	16.2%	14.5%	89.5%
2020	17.2%	15.0%	87.2%
2021	18.0%	19.6%	108.9%
Earnings per share			
2019[1]	EUR 3.20	EUR 3.02	94.4%
2020	EUR 3.50	EUR 3.02	86.3%
2021	EUR 3.79	EUR 2.90	76.5%

B.17 PERFORMANCE CRITERIA FOR THE EARNED INTERNAL LTI PORTION OF THE 2019-2021 TRANCHE – REMUNERATION SYSTEM 2015

[1] In financial year 2019, the figures stated do not contain any effects from IFRS 16.

The payout amounts for the 2019-2021 tranche of the Long-Term Incentive Bonus are calculated on the basis of the performance criteria outlined above as follows:

	Markus Klähn	Georg Müller	Henri Nejade
Target amount	**EUR 600k**	**EUR 800k**	**EUR 600k**
Internal Portion (weighting 50%)			
2019 (weighting 1/3)			
EBITDA (weighting 50%)			
Pro rata target amount	EUR 50k	EUR 67k	EUR 50k
Target achievement	95.5%	95.5%	95.5%
Payout factor	86.5%	86.5%	86.5%
Pro rata bonus amount	EUR 43k	EUR 58k	EUR 43k
ROCE (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	89.5%	89.5%	89.5%
Payout factor	68.5%	68.5%	68.5%
Pro rata bonus amount	EUR 17k	EUR 23k	EUR 17k
Earnings per share (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	94.4%	94.4%	94.4%
Payout factor	83.1%	83.1%	83.1%
Pro rata bonus amount	EUR 21k	EUR 28k	EUR 21k
2020 (weighting 1/3)			
EBITDA (weighting 50%)			
Pro rata target amount	EUR 50k	EUR 67k	EUR 50k
Target achievement	107.4%	107.4%	107.4%
Payout factor	122.3%	122.3%	122.3%
Pro rata bonus amount	EUR 61k	EUR 82k	EUR 61k
ROCE (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	87.2%	87.2%	87.2%
Payout factor	61.6%	61.6%	61.6%
Pro rata bonus amount	EUR 15k	EUR 21k	EUR 15k
Earnings per share (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	86.3%	86.3%	86.3%
Payout factor	58.9%	58.9%	58.9%
Pro rata bonus amount	EUR 15k	EUR 20k	EUR 15k

	Markus Klähn	Georg Müller	Henri Nejade
2021 (weighting 1/3)			
EBITDA (weighting 50%)			
Pro rata target amount	EUR 50k	EUR 67k	EUR 50k
Target achievement	128.8%	128.8%	128.8%
Payout factor	186.5 %	186.5 %	186.5 %
Pro rata bonus amount	EUR 93k	EUR 124k	EUR 93k
ROCE (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	108.9%	108.9%	108.9%
Payout factor	126.7%	126.7%	126.7%
Pro rata bonus amount	EUR 32k	EUR 42k	EUR 32k
Earnings per share (weighting 25%)			
Pro rata target amount	EUR 25k	EUR 33k	EUR 25k
Target achievement	76.5%	76.5%	76.5%
Payout factor	29.6%	29.6%	29.6%
Pro rata bonus amount	EUR 7k	EUR 10k	EUR 7k
External Portion (weighting 50%)			
Absolute shareholder return for the Brenntag share (weighting 50 %)			
Pro rata target amount	EUR 150k	EUR 200k	EUR 150k
Absolute shareholder return achieved	84.9%	92.3%	92.3%
Payout factor	269.8%	284.5%	284.5%
Pro rata bonus amount	EUR 405k	EUR 569k	EUR 427k
Relative shareholder return for the Brenntag share (weighting 50%)			
Pro rata target amount	EUR 150k	EUR 200k	EUR 150k
Relative shareholder return achieved	44.4%	44.7%	44.7%
Payout factor	233.2%	234.1%	234.1%
Pro rata bonus amount	EUR 350k	EUR 468k	EUR 351k
Preliminary External Portion	EUR 755k	EUR 1,037k	EUR 778k
Maximum remuneration External Portion	EUR 600k	EUR 800k	EUR 600k
Final payout amount	**EUR 904k**	**EUR 1,209k**	**EUR 904k**

B.18 CALCULATION OF THE 2019-2021 TRANCHE OF THE EARNED LONG-TERM INCENTIVE BONUS – REMUNERATION SYSTEM 2015

Furthermore, Markus Klähn will be prematurely paid out the 2020-2022 tranche of the Long-Term Incentive Bonus as a result of the early termination of his service agreement. The performance criteria for the 2020-2022 tranche of the Long-Term Incentive Bonus under the Board of Management Remuneration System 2015 were set at the end of 2019. The following table shows the performance criteria for the External LTI Portion of the 2020-2022 tranche as applied to Markus Klähn:

	2020-2022 tranche
Share price at the beginning of the performance period (Jan. 1, 2020)	EUR 46.82
Share price at the end of the performance period (Jun. 30, 2021)	EUR 76.08
Dividend payments during the performance period	EUR 2.60
Absolute shareholder return for the Brenntag share	**68.0%**
MDAX at the beginning of the performance period (Jan. 1, 2020)	26,873 points
MDAX at the end of the performance period (Jun. 30, 2021)	33,087 points
MDAX performance during the performance period	23.1%
Relative shareholder return for the Brenntag share versus the MDAX	**44.9%**

B.19 PERFORMANCE CRITERIA FOR THE EARNED EXTERNAL LTI PORTION OF THE 2020-2022 TRANCHE FOR MARKUS KLÄHN – REMUNERATION SYSTEM 2015

The following tables show the respective targets and the results actually achieved for the Internal LTI Portion for the individual years of the 2020-2022 tranche as applied to Markus Klähn. The respective target achievement is calculated from the two figures. It should be noted that the performance period is reduced from three to two years in the event of early termination of the service agreement.

	2020-2022 tranche for Markus Klähn		
	Target	Result	Target achievement
EBITDA			
2020	EUR 1,041.9 m	EUR 1,057.7 m	101.5%
2021	EUR 1,095.1 m	EUR 1,344.6 m	122.8%
ROCE			
2020	14.7%	15.0%	102.0%
2021	15.4%	19.6%	127.3%
Earnings per share			
2020	EUR 3.12	EUR 3.02	96.8%
2021	EUR 3.37	EUR 2.90	86.1%

B.20 PERFORMANCE CRITERIA FOR THE EARNED INTERNAL LTI PORTION OF THE 2020-2022 TRANCHE FOR MARKUS KLÄHN – REMUNERATION SYSTEM 2015

The amounts for the early payout of the 2020-2022 tranche of the Long-Term Incentive Bonus for Markus Klähn are calculated on the basis of the performance criteria outlined above as follows:

	Markus Klähn
Target amount	**EUR 600k**
Internal Portion (weighting 50%)	
2020 (weighting 50%)	
EBITDA (weighting 50%)	
Pro rata target amount	EUR 75k
Target achievement	101.5%
Payout factor	104.5%
Pro rata bonus amount	EUR 78k
ROCE (weighting 25%)	
Pro rata target amount	EUR 38k
Target achievement	102.0%
Payout factor	106.1%
Pro rata bonus amount	EUR 40k
Earnings per share (weighting 25%)	
Pro rata target amount	EUR 38k
Target achievement	96.8%
Payout factor	90.4%
Pro rata bonus amount	EUR 34k
2021 (weighting 50%)	
EBITDA (weighting 50%)	
Pro rata target amount	EUR 75k
Target achievement	122.8%
Payout factor	168.3%
Pro rata bonus amount	EUR 126k
ROCE (weighting 25%)	
Pro rata target amount	EUR 38k
Target achievement	127.3%
Payout factor	181.8%
Pro rata bonus amount	EUR 68k
Earnings per share (weighting 25%)	
Pro rata target amount	EUR 38k
Target achievement	86.1%
Payout factor	58.2%
Pro rata bonus amount	EUR 22k
External Portion (weighting 50%)	
Absolute shareholder return for the Brenntag share (weighting 50 %)	
Pro rata target amount	EUR 150k
Absolute shareholder return achieved	68.0%
Payout factor	236.1%
Pro rata bonus amount	EUR 354k
Relative shareholder return for the Brenntag share (weighting 50%)	
Pro rata target amount	EUR 150k
Relative shareholder return achieved	44.9%
Payout factor	234.8%
Pro rata bonus amount	EUR 352k
Preliminary External Portion	EUR 706k
Maximum remuneration External Portion	EUR 600k
Final payout amount	**EUR 968k**

B.21 CALCULATION OF THE 2020-2022 TRANCHE OF THE EARNED LONG-TERM INCENTIVE BONUS FOR MARKUS KLÄHN – REMUNERATION SYSTEM 2015

PERFORMANCE CRITERIA FOR THE VARIABLE REMUNERATION AWARDED AND DUE IN THE FINANCIAL YEAR 2021 (EARNED IN 2020)

The performance criteria for the Annual Bonus of the members of the Board of Management were set for the financial year 2020 at the end of 2019. As previously described, Dr Christian Kohlpaintner and Steven Terwindt were incentivized under the Board of Management Remuneration System 2020, Georg Müller, Karsten Beckmann, Markus Klähn and Henri Nejade under the Board of Management Remuneration System 2015.

The following tables show the relevant targets for Dr Christian Kohlpaintner and Steven Terwindt and the results they actually achieved. The respective target achievement is calculated from the two figures.

	Dr Christian Kohlpaintner			Steven Terwindt		
	Target	Result	Target achievement	Target	Result	Target achievement
Organic EBITDA growth						
Brenntag Group	3.0%	6.5%	216.7%	3.0%	6.5%	216.7%
America	–	–	–	4.7%	−7.5%	−159.6%
Improvement in working capital turnover						
Brenntag Group	0.36x	0.35x	97.2%	0.36x	0.35x	97.2%
America	–	–	–	0.45x	0.79x	175.6%
Earnings per share growth						
Brenntag Group	5.4%	–	–	5.4%	–	–

B.22 PERFORMANCE CRITERIA FOR THE ANNUAL BONUS AWARDED AND DUE FOR 2020 – REMUNERATION SYSTEM 2020

The performance criteria for financial year 2020 for Georg Müller, Karsten Beckmann, Markus Klähn and Henri Nejade were as follows:

	Karsten Beckmann			Markus Klähn		
	Target	Result	Target achieve-ment	Target	Result	Target achieve-ment
Operating EBITDA						
Brenntag Group	EUR 1,036.3 m	EUR 1,057.7 m	102.1%	EUR 1,036.3 m	EUR 1,057.7 m	102.1%
EMEA	EUR 423.1 m	EUR 475.9 m	112.5%	–	–	–
North America	–	–	–	EUR 501.2 m	EUR 434.4 m	86.7%
Asia Pacific	–	–	–	–	–	–
Working capital turnover						
Brenntag Group	7.4x	7.3x	98.4%	7.4x	7.3x	98.4%
EMEA	7.1x	7.1x	100.3%	–	–	–
North America	–	–	–	10.3x	10.5x	101.8%
Asia Pacific	–	–	–	–	–	–
Conversion ratio						
Brenntag Group	35.4%	37.1%	104.8%	35.4%	37.1%	104.8%
EMEA	35.4%	38.5%	108.7%	–	–	–
North America	–	–	–	40.4%	38.6%	95.6%
Asia Pacific	–	–	–	–	–	–

Georg Müller			Henri Nejade (Jan. 1 - Jun. 30, 2020)			Henri Nejade (Jul. 1 - Dec. 31, 2020)		
Target	Result	Target achievement	Target	Result	Target achievement	Target	Result	Target achievement
EUR 1,036.3 m	EUR 1,057.7 m	102.1%	EUR 515.3 m	EUR 539.2 m	104.6%	EUR 521.0 m	EUR 518.5 m	99.5%
–	–	–	–	–	–	EUR 203.8 m	EUR 222.7 m	109.3%
–	–	–	–	–	–	–	–	–
–	–	–	EUR 51.8 m	EUR 50.6 m	97.7%	EUR 57.1 m	EUR 73.2 m	128.2%
7.4x	7.3x	98.4%	7.4x	7.0x	94.2%	7.4x	7.4x	100.4%
–	–	–	–	–	–	7.0x	7.2x	102.7%
–	–	–	–	–	–	–	–	–
–	–	–	4.5x	3.8x	85.4%	4.5x	4.2x	92.5%
35.4%	37.1%	104.8%	35.3%	37.5%	106.1%	35.6%	37.3%	104.8%
–	–	–	–	–	–	34.8%	37.4%	107.4%
–	–	–	–	–	–	–	–	–
–	–	–	36.9%	39.2%	106.2%	38.7%	47.7%	123.3%

B.23 PERFORMANCE CRITERIA FOR THE ANNUAL BONUS AWARDED AND DUE FOR 2020 – REMUNERATION SYSTEM 2015

The individual performance multiplier, which is applied to the annual bonus in both remuneration systems, was set at 1.0 for Dr Christian Kohlpaintner, Georg Müller and Steven Terwindt. The individual performance multiplier for Karsten Beckmann and Markus Klähn was also set at 1.0 during the negotiations on the early termination of their service agreements. The individual performance multiplier for Henri Nejade was set at 1.15 owing to his additional responsibility for the EMEA region in the period from September 1 to December 31, 2020. The individual performance multiplier takes into account the individual financial and non-financial performance that cannot be reasonably measured by applying KPIs. No specific, measurable targets were set for 2020. Instead, amongst others, the progress of "Project Brenntag" was assessed holistically when determining the individual performance multiplier.

The annual bonuses for 2020 are calculated on the basis of the performance criteria and the individual performance multipliers as follows:

	Dr Christian Kohlpaintner	Steven Terwindt
Target amount	**EUR 900k**	**EUR 500k**
Organic EBITDA growth (weighting 60%)		
Brenntag Group		
Weighting	100.00%	25.00%
Target achievement	216.67%	216.67%
America		
Weighting	–	75.00%
Target achievement	–	−159.57%
Target achievement organic EBITDA growth	216.67%	−65.51%
Improvement in working capital turnover (weighting 20%)		
Brenntag Group		
Weighting	100.00%	25.00%
Target achievement	97.22%	97.22%
America		
Weighting	–	75.00%
Target achievement	–	175.56%
Target achievement improvement in working capital turnover	97.22%	155.98%
Earnings per share growth (weighting 20%)		
Brenntag Group		
Weighting	100.00%	100.00%
Target achievement	–	–
Overall target achievement	149.45%	31.20%
Payout factor	198.90%	–
Preliminary payout amount	EUR 1,790k	–
Individual performance multiplier	1.00	1.00
Final payout amount	**EUR 1,790k**	**–**

B.24 CALCULATION OF THE ANNUAL BONUS AWARDED AND DUE FOR 2020 – REMUNERATION SYSTEM 2020

	Karsten Beckmann	Markus Klähn	Georg Müller	Henri Nejade (Jan. 1 - Jun. 30, 2020)	Henri Nejade (Jul. 1 - Dec. 31 2020)
Target amount	**EUR 333k**	**EUR 500k**	**EUR 550k**	**EUR 250k**	**EUR 250k**
Operating EBITDA (weighting 70%)					
Brenntag Group					
Weighting	33.33%	33.33%	100.00%	33.33%	33.34%
Pro rata target amount	EUR 78k	EUR 117k	EUR 385k	EUR 58k	EUR 58k
Target achievement	102.10%	102.10%	102.10%	104.60%	99.50%
Payout factor	108.30%	108.30%	108.30%	118.50%	98.10%
Pro rata preliminary bonus amount	EUR 84k	EUR 126k	EUR 417k	EUR 69k	EUR 57k
EMEA					
Weighting	66.67%	–	–	–	33.33%
Pro rata target amount	EUR 156k	–	–	–	EUR 58k
Target achievement	112.50%	–	–	–	109.30%
Payout factor	150.00%	–	–	–	137.00%
Pro rata preliminary bonus amount	EUR 233k	–	–	–	EUR 80k
North America					
Weighting	–	66.67%	–	–	–
Pro rata target amount	–	EUR 233k	–	–	–
Target achievement	–	86.70%	–	–	–
Payout factor	–	46.70%	–	–	–
Pro rata preliminary bonus amount	–	EUR 109k	–	–	–
Asia Pacific					
Weighting	–	–	–	66.67%	33.33%
Pro rata target amount	–	–	–	EUR 117k	EUR 58k
Target achievement	–	–	–	97.70%	128.20%
Payout factor	–	–	–	90.90%	212.80%
Pro rata preliminary bonus amount	–	–	–	EUR 106k	EUR 124k
Working capital turnover (weighting 15%)					
Brenntag Group					
Weighting	33.33%	33.33%	100.00%	33.33%	33.34%
Pro rata target amount	EUR 17k	EUR 25k	EUR 83k	EUR 12k	EUR 13k
Target achievement	98.40%	98.40%	98.40%	94.20%	100.40%
Payout factor	93.50%	93.50%	93.50%	76.90%	101.80%
Pro rata preliminary bonus amount	EUR 16k	EUR 23k	EUR 77k	EUR 10k	EUR 13k
EMEA					
Weighting	66.67%	–	–	–	33.33%
Pro rata target amount	EUR 33k	–	–	–	EUR 12k
Target achievement	100.30%	–	–	–	102.70%
Payout factor	101.30%	–	–	–	110.80%
Pro rata preliminary bonus amount	EUR 34k	–	–	–	EUR 14k

	Karsten Beckmann	Markus Klähn	Georg Müller	Henri Nejade (Jan. 1 - Jun. 30, 2020)	Henri Nejade (Jul. 1 - Dec. 31 2020)
North America					
Weighting	–	66.67%	–	–	–
Pro rata target amount	–	EUR 50k	–	–	–
Target achievement	–	101.80%	–	–	–
Payout factor	–	107.20%	–	–	–
Pro rata preliminary bonus amount	–	EUR 54k	–	–	–
Asia Pacific					
Weighting	–	–	–	66.67%	33.33%
Pro rata target amount	–	–	–	EUR 25k	EUR 12k
Target achievement	–	–	–	85.40%	92.50%
Payout factor	–	–	–	41.40%	70.20%
Pro rata preliminary bonus amount	–	–	–	EUR 10k	EUR 9k
Conversion ratio (weighting 15%)					
Brenntag Group					
Weighting	33.33%	33.33%	100.00%	33.33%	33.34%
Pro rata target amount	EUR 17k	EUR 25k	EUR 83k	EUR 12k	EUR 13k
Target achievement	104.80%	104.80%	104.80%	106.10%	104.80%
Payout factor	119.20%	119.20%	119.20%	124.40%	119.30%
Pro rata preliminary bonus amount	EUR 20k	EUR 30k	EUR 98k	EUR 16k	EUR 15k
EMEA					
Weighting	66.67%	–	–	–	33.33%
Pro rata target amount	EUR 33k	–	–	–	EUR 12k
Target achievement	108.70%	–	–	–	107.40%
Payout factor	134.90%	–	–	–	129.50%
Pro rata preliminary bonus amount	EUR 45k	–	–	–	EUR 16k
North America					
Weighting	–	66.67%	–	–	–
Pro rata target amount	–	EUR 50k	–	–	–
Target achievement	–	95.60%	–	–	–
Payout factor	–	82.50%	–	–	–
Pro rata preliminary bonus amount	–	EUR 41k	–	–	–
Asia Pacific					
Weighting	–	–	–	66.67%	33.33%
Pro rata target amount	–	–	–	EUR 25k	EUR 12k
Target achievement	–	–	–	106.20%	123.30%
Payout factor	–	–	–	124.80%	193.20%
Pro rata preliminary bonus amount	–	–	–	EUR 31k	EUR 24k
Preliminary payout amount	EUR 432k	EUR 383k	EUR 592k	EUR 242k	EUR 352k
Individual performance multiplier	1.00	1.00	1.00	1.15	1.15
Final payout amount	**EUR 432k**	**EUR 383k**	**EUR 592k**	**EUR 278k**	**EUR 405k**

B.25 CALCULATION OF THE ANNUAL BONUS AWARDED AND DUE FOR 2020 – REMUNERATION SYSTEM 2015

The performance criteria for the 2018-2020 tranche of the Long-Term Incentive Bonus under the Board of Management Remuneration System 2015 were set at the end of 2017. As previously described, Georg Müller, Karsten Beckmann, Markus Klähn and Henri Nejade were incentivized under the Board of Management Remuneration System 2015.

The following table shows the performance criteria for the External LTI Portion of the 2018-2020 tranche:

	2018-2020 tranche
Share price at the beginning of the performance period (Jan. 1, 2018)	EUR 51.24
Share price at the end of the performance period (Dec. 31, 2020)	EUR 59.99
Dividend payments during the performance period	EUR 3.55
Absolute shareholder return for the Brenntag share	**24.0%**
MDAX at the beginning of the performance period (Jan. 1, 2018)	26,392 points
MDAX at the end of the performance period (Dec. 31, 2020)	28,467 points
MDAX performance during the performance period	7.9%
Relative shareholder return for the Brenntag share versus the MDAX	**16.1%**

B.26 PERFORMANCE CRITERIA FOR THE EXTERNAL LTI PORTION OF THE 2018-2020 TRANCHE AWARDED AND DUE – REMUNERATION SYSTEM 2015

By way of exception, a shortened performance period for the External LTI Portion applies to Karsten Beckmann as a result of the early termination of his service agreement. The performance criteria are as follows:

	2018-2020 tranche
Share price at the beginning of the performance period (Jan. 1, 2018)	EUR 51.24
Share price at the end of the performance period (Aug. 31, 2020)	EUR 50.28
Dividend payments during the performance period	EUR 3.55
Absolute shareholder return for the Brenntag share	**5.0%**
MDAX at the beginning of the performance period (Jan. 1, 2018)	26,392 points
MDAX at the end of the performance period (Aug. 31, 2020)	26,752 points
MDAX performance during the performance period	1.4%
Relative shareholder return for the Brenntag share versus the MDAX	**3.7%**

B.27 PERFORMANCE CRITERIA FOR THE EXTERNAL LTI PORTION OF THE 2018-2020 TRANCHE AWARDED AND DUE TO KARSTEN BECKMANN – REMUNERATION SYSTEM 2015

The following tables show the respective targets and the results actually achieved for the Internal LTI Portion for the individual years of the 2018-2020 tranche. The respective target achievement is calculated from the two figures.

	2018-2020 tranche		
	Target	Result	Target achievement
EBITDA			
2018	EUR 871.1m	EUR 875.5m	100.5%
2019	EUR 923.9m	EUR 885.5m	95.8%
2020	EUR 980.8m	EUR 1,057.7m	107.8%
ROCE			
2018	16.7%	15.5%	92.7%
2019	17.6%	14.5%	82.4%
2020	18.4%	15.0%	81.5%
Earnings per share			
2018	EUR 2.77	EUR 2.98	107.6%
2019	EUR 3.10	EUR 3.02	97.4%
2020	EUR 3.39	EUR 3.02	89.1%

B.28 PERFORMANCE CRITERIA FOR THE INTERNAL LTI PORTION OF THE 2018-2020 TRANCHE AWARDED AND DUE – REMUNERATION SYSTEM 2015

The payout amounts for the 2018-2020 tranche of the Long-Term Incentive Bonus are calculated on the basis of the performance criteria outlined above as follows:

	Karsten Beckmann	Markus Klähn[1)]		Georg Müller	Henri Nejade
Target amount	**EUR 550k**	**EUR 300k**	**USD 275k**	**EUR 800k**	**EUR 550k**
Internal portion (weighting 50%)					
2018 (weighting 1/3)					
EBITDA (weighting 50%)					
Pro rata target amount	EUR 46k	EUR 25k	USD 23k	EUR 67k	EUR 46k
Target achievement	100.5%	100.5%	100.5%	100.5%	100.5%
Payout factor	101.5%	101.5%	101.5%	101.5%	101.5%
Pro rata bonus amount	EUR 47k	EUR 25k	USD 23k	EUR 68k	EUR 47k
ROCE (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	92.7%	92.7%	92.7%	92.7%	92.7%
Payout factor	78.1%	78.1%	78.1%	78.1%	78.1%
Pro rata bonus amount	EUR 18k	EUR 10k	USD 9k	EUR 26k	EUR 18k
Earnings per share (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	107.6%	107.6%	107.6%	107.6%	107.6%
Payout factor	122.7%	122.7%	122.7%	122.7%	122.7%
Pro rata bonus amount	EUR 28k	EUR 15k	USD 14k	EUR 41k	EUR 28k
2019 (weighting 1/3)					
EBITDA (weighting 50%)					
Pro rata target amount	EUR 46k	EUR 25k	USD 23k	EUR 67k	EUR 46k
Target achievement	95.8%	95.8%	95.8%	95.8%	95.8%
Payout factor	87.5%	87.5%	87.5%	87.5%	87.5%
Pro rata bonus amount	EUR 40k	EUR 22k	USD 20k	EUR 58k	EUR 40k
ROCE (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	82.4%	82.4%	82.4%	82.4%	82.4%
Payout factor	47.2%	47.2%	47.2%	47.2%	47.2%
Pro rata bonus amount	EUR 11k	EUR 6k	USD 5k	EUR 16k	EUR 11k
Earnings per share (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	97.4%	97.4%	97.4%	97.4%	97.4%
Payout factor	92.3%	92.3%	92.3%	92.3%	92.3%
Pro rata bonus amount	EUR 21k	EUR 12k	USD 11k	EUR 31k	EUR 21k

	Karsten Beckmann	Markus Klähn[1)]		Georg Müller	Henri Nejade
2020 (weighting 1/3)					
EBITDA (weighting 50%)					
Pro rata target amount	EUR 46k	EUR 25k	USD 23k	EUR 67k	EUR 46k
Target achievement	107.8%	107.8%	107.8%	107.8%	107.8%
Payout factor	123.5%	123.5%	123.5%	123.5%	123.5%
Pro rata bonus amount	EUR 57k	EUR 31k	USD 28k	EUR 82k	EUR 57k
ROCE (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	81.5%	81.5%	81.5%	81.5%	81.5%
Payout factor	44.6%	44.6%	44.6%	44.6%	44.6%
Pro rata bonus amount	EUR 10k	EUR 6k	USD 5k	EUR 15k	EUR 10k
Earnings per share (weighting 25%)					
Pro rata target amount	EUR 23k	EUR 13k	USD 11k	EUR 33k	EUR 23k
Target achievement	89.1%	89.1%	89.1%	89.1%	89.1%
Payout factor	67.3%	67.3%	67.3%	67.3%	67.3%
Pro rata bonus amount	EUR 15k	EUR 8k	USD 8k	EUR 22k	EUR 15k
External portion (weighting 50%)					
Absolute shareholder return for the Brenntag share (weighting 50%)					
Pro rata target amount	EUR 138k	EUR 75k	USD 69k	EUR 200k	EUR 138k
Absolute shareholder return achieved	5.0%	24.0%	24.0%	24.0%	24.0%
Payout factor	110.1%	148.0%	148.0%	148.0%	148.0%
Pro rata bonus amount	EUR 151k	EUR 111k	USD 102k	EUR 296k	EUR 204k
Relative shareholder return for the Brenntag share (weighting 50%)					
Pro rata target amount	EUR 138k	EUR 75k	USD 69k	EUR 200k	EUR 138k
Relative shareholder return achieved	3.7%	16.1%	16.1%	16.1%	16.1%
Payout factor	111.0%	148.4%	148.4%	148.4%	148.4%
Pro rata bonus amount	EUR 153k	EUR 111k	USD 102k	EUR 297k	EUR 204k
Final payout amount	**EUR 551k**	**EUR 357k**	**USD 327k**	**EUR 952k**	**EUR 655k**

B.29 CALCULATION OF THE 2018-2020 TRANCHE OF THE LONG-TERM INCENTIVE BONUS AWARDED AND DUE – REMUNERATION SYSTEM 2015

[1)] In the case of Markus Klähn, there was both a liability in euros and a liability in US dollars for the 2018-2020 tranche, which must be regarded in aggregate.

Furthermore, Karsten Beckmann was prematurely paid out the 2019-2021 tranche of the Long-Term Incentive Bonus in 2021 as a result of the early termination of his service agreement. The performance criteria for the 2019-2021 tranche of the Long-Term Incentive Bonus under the Board of Management Remuneration System 2015 were set at the end of 2018. The following table shows the performance criteria for the External LTI Portion of the 2019-2021 tranche as applied to Karsten Beckmann:

	2019-2021 tranche
Share price at the beginning of the performance period (Jan. 1, 2019)	EUR 43.21
Share price at the end of the performance period (Aug. 31, 2020)	EUR 50.28
Dividend payments during the performance period	EUR 2.45
Absolute shareholder return for the Brenntag share	**22.0%**
MDAX at the beginning of the performance period (Jan. 1, 2019)	23,556 points
MDAX at the end of the performance period (Aug. 31, 2020)	26,752 points
MDAX performance during the performance period	13.6%
Relative shareholder return for the Brenntag share versus the MDAX	**8.5%**

B.30 PERFORMANCE CRITERIA FOR THE EXTERNAL LTI PORTION OF THE 2019-2021 TRANCHE AWARDED AND DUE TO KARSTEN BECKMANN – REMUNERATION SYSTEM 2015

The following tables show the respective targets and the results actually achieved for the Internal LTI Portion for the individual years of the 2019-2021 tranche as applied to Karsten Beckmann. The respective target achievement is calculated from the two figures. It should be noted that the performance period was reduced from three to two years due to the early termination of the service agreement.

	2019-2021 tranche for Karsten Beckmann		
	Target	Result	Target achievement
EBITDA			
2019	EUR 927.3 m	EUR 885.5 m	95.5%
2020	EUR 984.6 m	EUR 1,057.7 m	107.4%
ROCE			
2019	16.2%	14.5%	89.5%
2020	17.2%	15.0%	87.2%
Earnings per share			
2019	EUR 3.20	EUR 3.02	EUR 94.4
2020	EUR 3.50	EUR 3.02	EUR 86.3

B.31 PERFORMANCE CRITERIA FOR THE INTERNAL LTI PORTION OF THE 2019-2021 TRANCHE AWARDED AND DUE TO KARSTEN BECKMANN – REMUNERATION SYSTEM 2015

The amounts for the early payout of the 2019-2021 tranche of the Long-Term Incentive Bonus for Karsten Beckmann are calculated on the basis of the performance criteria outlined above as follows:

	Karsten Beckmann
Target amount	**EUR 600k**
Internal portion (weighting 50%)	
2019 (weighting 1/3)	
EBITDA (weighting 50%)	
Pro rata target amount	EUR 50k
Target achievement	95.5%
Payout factor	86.5%
Pro rata bonus amount	EUR 43k
ROCE (weighting 25%)	
Pro rata target amount	EUR 25k
Target achievement	89.5%
Payout factor	68.5%
Pro rata bonus amount	EUR 17k
Earnings per share (weighting 25%)	
Pro rata target amount	EUR 25k
Target achievement	94.4%
Payout factor	83.1%
Pro rata bonus amount	EUR 21k
2020 (weighting 2/3)	
EBITDA (weighting 50%)	
Pro rata target amount	EUR 100k
Target achievement	107.4%
Payout factor	122.3%
Pro rata bonus amount	EUR 122k
ROCE (weighting 25%)	
Pro rata target amount	EUR 50k
Target achievement	87.2%
Payout factor	61.6%
Pro rata bonus amount	EUR 31k
Earnings per share (weighting 25%)	
Pro rata target amount	EUR 50k
Target achievement	86.3%
Payout factor	58.9%
Pro rata bonus amount	EUR 29k
External portion (weighting 50%)	
Absolute shareholder return for the Brenntag share (weighting 50%)	
Pro rata target amount	EUR 150k
Absolute shareholder return achieved	EUR 22k
Payout factor	144.1%
Pro rata bonus amount	EUR 216k
Relative shareholder return for the Brenntag share (weighting 50%)	
Pro rata target amount	EUR 150k
Relative shareholder return achieved	8.5%
Payout factor	125.4%
Pro rata bonus amount	EUR 188k
Final payout amount	**EUR 667k**

B.32 CALCULATION OF THE 2019-2021 TRANCHE OF THE LONG-TERM INCENTIVE BONUS AWARDED AND DUE TO KARSTEN BECKMANN –REMUNERATION SYSTEM 2015

Information on remuneration awarded and due to current and former members of the Board of Management in accordance with Section 162 of the German Stock Corporation Act (AktG)

INFORMATION ON REMUNERATION AWARDED AND DUE TO CURRENT MEMBERS OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH SECTION 162 AKTG

Total remuneration for the individual current members of the Board of Management is as follows:

		Dr Christian Kohlpaintner		Georg Müller	
Term of service agreement as a Board of Management member		(until Dec. 31, 2022)		(until Feb. 2, 2022)	
		in EUR k	in %	in EUR k	in %
Annual base salary	**2021**	**1,000**	**32.0**	**650**	**29.4**
	2020	1,000	75.1	650	40.0
Pension allowance	**2021**	**300**	**9.6**	**–**	**–**
	2020	300	22.5	–	–
Benefits in kind / other benefits	**2021**	**37**	**1.2**	**19**	**0.8**
	2020	31	2.4	38[1)]	2.3
Total non-performance-based remuneration	**2021**	**1,337**	**42.8**	**669**	**30.2**
	2020	1,331	100.0	688	42.3
Short-term variable remuneration	**2021**	**1,790**	**57.2**	**592**	**26.8**
	2020	–	–	385	23.7
Long-term variable remuneration	**2021**	**–**	**–**	**952**	**43.0**
	2020	–	–	554	34.0
Total performance-based remuneration	**2021**	**1,790**	**57.2**	**1,544**	**69.8**
	2020	–	–	939	57.7
Total remuneration	**2021**	**3,127**	**100.0**	**2,213**	**100.0**
	2020	1,331	100.0	1,627	100.0

Henri Nejade		Steven Terwindt		Ewout van Jarwaarde	
(until Jun. 30, 2023)		(until Jul. 31, 2023)		(until Dec. 31, 2023)	
in EUR k	in %	in EUR k	in %	in EUR k	in %
525	**22.9**	**525**	**75.8**	**475**	**74.6**
525	29.0	208	71.5	–	–
–	**–**	**139**	**20.1**	**125**	**19.6**
–	–	74	25.4	–	–
428	**18.7**	**29**	**4.1**	**37**	**5.8**
429	23.7	9	3.1	–	–
953	**41.6**	**693**	**100.0**	**637**	**100.0**
954	52.7	291	100.0	–	–
683	**29.8**	**–**	**–**	–	**–**
484	26.8	–	–	–	–
654	**28.6**	**–**	**–**	–	**–**
370	20.5	–	–	–	–
1,337	**58.4**	**–**	**–**	**–**	**–**
854	47.3	–	–	–	–
2,290	**100.0**	**693**	**100.0**	**637**	**100.0**
1,808	100.0	291	100.0	–	–

B.33 REMUNERATION AWARDED AND DUE TO THE CURRENT BOARD OF MANAGEMENT MEMBERS IN ACCORDANCE WITH SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

1) Including benefits from third parties under a tax equalization agreement in the amount of EUR 20k for Georg Müller.

INFORMATION ON THE REMUNERATION AWARDED AND DUE TO FORMER BOARD OF MANAGEMENT MEMBERS IN ACCORDANCE WITH SECTION 162 AKTG

Markus Klähn stepped down from the Board of Management at the end of July 31, 2020. His service agreement was terminated by mutual agreement on the same day. Severance pay was negotiated with him, which will be paid in three parts. The first part in the amount of EUR 626,851 was already paid in 2020 and compensated him for lost remuneration from his future base salary, company car allowance, amounts to build up pension entitlements and for health care. The second part of the severance pay in the amount of EUR 201,836 was paid in 2021. This second part compensated him for the lost remuneration from future annual bonuses. The third part of the severance pay will be paid in 2022 when the performance indicators that make up the Long-Term Incentive Bonus have been determined. This third part compensates him for the lost remuneration from future Long-Term Incentive Bonuses. The vested benefits from the Long-Term Incentive Bonuses 2019-2021 and 2020-2022 will also be paid in 2022.

Karsten Beckmann stepped down from the Board of Management at the end of August 31, 2020. His service agreement was terminated by mutual agreement on the same day. It was agreed with him that 50% of any remuneration from other professional activities during a period of two years after termination of his service agreement would be deducted from the amount of severance pay. As a result of this agreement, EUR 6,000 of the variable remuneration payment for 2020 was retained in 2021. Karsten Beckmann repaid a further EUR 7,500 to the company. In addition, a supplement to the termination agreement was negotiated with Karsten Beckmann providing for remuneration entitlements from the Long-Term Incentive Bonus 2020 to be reduced by EUR 300,000.

The following table contains the remuneration awarded and due to former Board of Management members in 2021.

		Karsten Beckmann		Jürgen Buchsteiner	
		in EUR k	in %	in EUR k	in %
Annual base salary	**2021**	**–**	**–**	**–**	**–**
	2020	350	9.5	–	–
Pension allowance	**2021**	**–**	**–**	**–**	**–**
	2020	–	–	–	–
Benefits in kind/other benefits	**2021**	**–**	**–**	**–**	**–**
	2020	21[1]	0.6	–	–
Total non-performance-based remuneration	**2021**	**–**	**–**	**–**	**–**
	2020	371	10.1	–	–
Short-term variable remuneration	**2021**	**432**	**24.9**	**–**	**–**
	2020	306	8.3	–	–
Long-term variable remuneration	**2021**	**1,319**	**75.9**	**–**	**–**
	2020	370	11.6	–	–
Total performance-based remuneration	**2021**	**1,751**	**100.8**	**–**	**–**
	2020	676	19.9	–	–
Termination benefits	**2021**	**−14**	**−0.8**	**–**	**–**
	2020	2,585	70.0	–	–
Pension payments received	**2021**	**–**	**–**	**302**	**100.0**
	2020	–	–	299	100.0
Total remuneration	**2021**	**1,737**	**100.0**	**302**	**100.0**
	2020	3,632	100.0	299	100.0

		Steven Holland		Markus Klähn	
		in EUR k	in %	in EUR k	in %
Annual base salary	**2021**	**–**	**–**	**–**	**–**
	2020	167	4.0	306	17.2
Pension allowance	**2021**	**–**	**–**	**–**	**–**
	2020	43	1.0	–	–
Benefits in kind / other benefits	**2021**	**–**	**–**	**–**	**–**
	2020	7	0.2	158[1]	8.9
Total non-performance-based remuneration	**2021**	**–**	**–**	**–**	**–**
	2020	217	5.2	464	26.1
Short-term variable remuneration	**2021**	**–**	**–**	**383**	**31.4**
	2020	781	18.7	329	18.5
Long-term variable remuneration	**2021**	**–**	**–**	**634**	**52.0**
	2020	3,178	76.1	356	20.0
Total performance-based remuneration	**2021**	**–**	**–**	**1,017**	**83.4**
	2020	3,959	94.8	685	38.5
Termination benefits	**2021**	**–**	**–**	**202**	**16.6**
	2020	–	–	627	35.4
Pension payments received	**2021**	**–**	**–**	**–**	**–**
	2020	–	–	–	–
Total remuneration	**2021**	**–**	**–**	**1,219**	**100.0**
	2020	4,176	100.0	1,776	100.0

B.34 REMUNERATION AWARDED AND DUE TO FORMER BOARD OF MANAGEMENT MEMBERS IN ACCORDANCE WITH SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

[1] Including benefits from third parties under a tax equalization agreement in the amount of EUR 22k for Markus Klähn and in the amount of EUR 10k for Karsten Beckmann.

Information on remuneration granted and earned in accordance with number 4.2.5, para. 3 of the German Corporate Governance Code as amended on February 7, 2017 (GCGC 2017)

The following two tables provide the financial information required by number 4.2.5, para. 3 of the German Corporate Governance Code as amended on February 7, 2017 regarding the remuneration granted (in the GCGC 2017 "benefits granted") and the remuneration earned (in the GCGC 2017 "amounts allocated). Brenntag is continuing these tables for the time being for the sake of transparency and comparability with prior-year data. The fixed remuneration and fringe benefits indicated here correspond to the total non-performance-related remuneration of the Board of Management.

The one-year variable remuneration corresponds to the aforementioned short-term variable remuneration and the multi-year variable remuneration corresponds to the aforementioned long-term variable remuneration.

Amounts are generally recognized as granted in the financial year in which the underlying activity for this remuneration was performed. This is subject to the proviso that a commitment to pay remuneration must have been given at the time the remuneration report was prepared. In addition, it must be possible to establish a reliable estimate of the amount of this remuneration. The year in which fixed remuneration and fringe benefits are granted is generally also the year in which they are recognized as an expense. For the one-year variable remuneration, the relevant target amount in the case of 100% target achievement is recognized as the fair value at the date of grant. The multi-year variable remuneration resulting from the long-term incentive plan is in each case subject to a vesting period of three years and that resulting from the Performance Share Plan to a vesting period of four years. However, as a new plan is granted every year, in each case with a vesting period of three years or four years, the total target amount allocated per year in the event of 100% target achievement or the fair value at the date of grant is recognized as having been granted and not the portion (1/3 or 1/4) calculated as attributable to the reporting year.

Fixed remuneration and fringe benefits are recognized as remuneration earned in the financial year in which the underlying activity has been performed, if the value of the final payment has already been determined. For fixed remuneration and fringe benefits, the date of recognition as remuneration earned is generally the date on which it is recognized as an expense. In the case of one-year variable remuneration and multi-year variable remuneration, the remuneration earned is recognized in the financial year of the actual payout, which is, as a rule, the financial year following the respective vesting period.

	Markus Klähn Member of the Board of Management				Georg Müller Chief Financial Officer			
in EUR k	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**
Fixed remuneration	306	–	–	–	650	650	650	650
Fringe benefits	158[1)]	–	–	–	38[1)]	19	19	19
Total	**464**	**–**	**–**	**–**	**688**	**669**	**669**	**669**
One-year variable remuneration								
Annual Bonus 2021	250	–	–	–	–	550	–	1,100
Annual Bonus 2020	500	–	–	–	550	–	–	–
Multi-year variable remuneration								
Performance Share Plan 2021-2024	–	–	–	–	–	–	–	–
Performance Share Plan 2020-2023	–	–	–	–	–	–	–	–
LTI Bonus 2021–2023	300	–	–	–	–	800	–	1,600
LTI Bonus 2020–2022	600	–	–	–	800	–	–	–
Total	**1,650**	**–**	**–**	**–**	**1,350**	**1,350**	**–**	**2,700**
Severance payments	627	–	–	–	–	–	–	–
Service cost	–	–	–	–	455	475	475	475
Total remuneration	**2,741**	**–**	**–**	**–**	**2,493**	**2,494**	**1,144**	**3,844**

	Dr Christian Kohlpaintner Chief Executive Officer				Karsten Beckmann Member of the Board of Management			
in EUR k	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**
Fixed remuneration	1,000	1,000	1,000	1,000	350	–	–	–
Fringe benefits	331	337	337	337	21[1]	–	–	–
Total	**1,331**	**1,337**	**1,337**	**1,337**	**371**	–	**–**	**–**
One-year variable remuneration								
Annual Bonus 2021	–	900	–	1,800	–	–	–	–
Annual Bonus 2020	900	–	–	–	333	–	–	–
Multi-year variable remuneration								
Performance Share Plan 2021-2024	–	1,200	–	2,400	–	–	–	–
Performance Share Plan 2020-2023	1,200	–	–	–	–	–	–	–
LTI Bonus 2021–2023	–	–	–	–	–	–	–	–
LTI Bonus 2020–2022	–	–	–	–	400	–	–	–
Total	**2,100**	**2,100**	**–**	**4,200**	**733**	**–**	**–**	**–**
Severance payments	–	–	–	–	2,585	–	–	–
Service cost	–	–	–	–	336	–	–	–
Total remuneration	**3,431**	**3,437**	**1,337**	**5,537**	**4,025**	**–**	**–**	**–**

Henri Nejade Member of the Board of Management				Steven Terwindt Member of the Board of Management				Ewout van Jarwaarde Member of the Board of Management			
2020	**2021**	**2021 (Min)**	**2021 (Max)**	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**	**2020**	**2021**	**2021 (Min)**	**2021 (Max)**
525	525	525	525	208	525	525	525	–	475	475	475
429	428	428	428	83	168	168	168	–	162	162	162
954	**953**	**953**	**953**	**291**	**693**	**693**	**693**	**–**	**637**	**637**	**637**
–	500	–	1,000	–	500	–	1,000	–	450	–	900
500	–	–	–	188	–	–	–	–	–	–	–
			–								
–	600	–	1,200	–	600	–	1,200	–	550	–	1,100
–	–	–	–	229	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
600	–	–	–	–	–	–	–	–	–	–	–
1,100	**1,100**	**–**	**2,200**	**417**	**1,100**	**–**	**2,200**	**–**	**1,000**	**–**	**2,000**
–	–	–	–	–	–	–	–	–	–	–	–
323	335	335	335	–	–	–	–	–	–	–	–
2,377	**2,388**	**1,288**	**3,488**	**708**	**1,793**	**693**	**2,893**	**–**	**1,637**	**637**	**2,637**

B.35 BOARD OF MANAGEMENT REMUNERATION GRANTED

[1] Including benefits from third parties under a tax equalization agreement

Remuneration earned[1]	Dr Christian Kohlpaintner Chief Executive Officer		Karsten Beckmann Member of the Board of Management		Markus Klähn Member of the Board of Management	
in EUR k	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Fixed remuneration	1,000	1,000	–	350	–	306
Fringe benefits	337	331	–	21[2]	–	158
Total	**1,337**	**1,331**	**–**	**371**	**–**	**464**
One-year variable remuneration	1,800	1,790	–	432	–	383
Multi-year variable remuneration						
LTI Bonus 2018–2020	–	–	–	551	–	634
LTI Bonus 2019–2021	–	–	–	668	905	–
LTI Bonus 2020–2022	–	–	–	100	968	–
Total	**1,800**	**1,790**	**–**	**1,751**	**1,873**	**1,017**
Severance payments	–	–	–	2,585	431	829
Service cost	–	–	–	336	–	–
Total remuneration	**3,137**	**3,121**	**–**	**5,043**	**2,304**	**2,310**

[1] The current financial year only contains amounts allocated to Board of Management members who were serving in that year.
[2] Including benefits from third parties under a tax equalization agreement.

Information on shares granted in the financial year

In 2020 and 2021, Dr Christian Kohlpaintner, Steven Terwindt, Henri Nejade and Ewout van Jarwaarde were contingently granted virtual Brenntag shares, so-called Performance Share Units, for the long-term variable remuneration under the Board of Management Remuneration System 2020.

	Dr Christian Kohlpaintner	Henri Nejade	Steven Terwindt	Ewout van Jarwaarde
2020 tranche [1]	25,614	–	4,891	–
2021 tranche [2]	20,057	10,028	10,028	9,193

B.37 PERFORMANCE SHARE UNITS INITIALLY CONTINGENTLY GRANTED – BOARD OF MANAGEMENT REMUNERATION SYSTEM 2020

[1] Price of the Brenntag share applicable at the beginning of the performance period: EUR 46.85
[2] Price of the Brenntag share applicable at the beginning of the performance period: EUR 59.83

Georg Müller Chief Financial Officer		Henri Nejade Member of the Board of Management		Steven Terwindt Member of the Board of Management		Ewout van Jarwaarde Member of the Board of Management	
2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
650	650	525	525	525	208	475	–
19	38[2)]	428	429	168	83	162	–
669	**688**	**953**	**954**	**693**	**291**	**637**	**–**
876	592	1,000	683	1,000	–	900	–
–	952	–	654	–	–	–	–
1,206	–	905	–	–	–	–	–
–	–	–	–	–	–	–	–
2,082	**1,544**	**1,905**	**1,337**	**1,000**	**–**	**900**	**–**
–	–	–	–	–	–	–	–
476	455	336	323	–	–	–	–
3,227	**2,687**	**3,194**	**2,614**	**1,693**	**291**	**1,537**	**–**

B.36 BOARD OF MANAGEMENT REMUNERATION EARNED

The amount is paid out after completion of the respective four-year performance period subject to the performance conditions as previously described for the Board of Management Remuneration System 2020.

Compliance with maximum remuneration

The following table shows how the maximum remuneration individually set for each financial year is complied with. For this purpose, all remuneration components hitherto awarded and due for a financial year were listed, allocated to the financial years in which they were granted, added up and compared with the maximum remuneration to be applied to the financial year.

Georg Müller is not listed in the table below as his current service agreement started in 2017 and a maximum remuneration has not been agreed.

in EUR k	Dr Christian Kohlpaintner	Steven Terwindt
Annual base salary	1,000	208
Pension allowance	300	74
Benefits in kind/other benefits	31	9
Total remuneration awarded and due to date in accordance with Sec. 161, para. 1 AktG	**1,331**	**291**
Short-term variable remuneration	1,790	–
Long-term variable remuneration[1]		
Service cost	–	–
Total remuneration realized to date in accordance with Sec. 87a, para. 1, sentence 2, no. 1 AktG	**3,121**	**291**
Agreed maximum remuneration	**5,650**	**1,250[2]**

B.38 COMPLIANCE WITH THE MAXIMUM REMUNERATION IN 2020 – BOARD OF MANAGEMENT REMUNERATION SYSTEM 2020

[1] Cannot be determined until after the end of financial year 2023; awarded and due in financial year 2024
[2] On a pro rata basis for the period from August 1 to December 31, 2020; full-year equivalent: EUR 3,000,000

in EUR k	Dr Christian Kohlpaintner	Henri Nejade	Steven Terwindt	Ewout van Jarwaarde
Annual base salary	1,000	525	525	475
Pension allowance	300	–	139	125
Benefits in kind/other benefits	37	428	29	37
Total remuneration awarded and due to date in accordance with Sec. 161, para. 1 AktG	**1,337**	**953**	**693**	**637**
Short-term variable remuneration	1,800	1,000	1,000	900
Long-term variable remuneration[1]				
Service cost	–	336	–	–
Total remuneration realized to date in accordance with Sec. 87a, para. 1, sentence 2, no. 1 AktG	**3,137**	**2,289**	**1,693**	**1,537**
Agreed maximum remuneration	**5,650**	**3,400**	**3,000**	**2,700**

B.39 COMPLIANCE WITH THE MAXIMUM REMUNERATION IN 2021 – BOARD OF MANAGEMENT REMUNERATION SYSTEM 2020

[1] Cannot be determined until after the end of financial year 2024; awarded and due in financial year 2025

The maximum remuneration for financial years 2020 and 2021 has been complied with for every member of the Board of Management. It should be noted that so far not all remuneration components for financial years 2020 and 2021 have been awarded and are due. In particular, entitlements under the long-term variable remuneration cannot be determined until after the end of the performance periods.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board was approved by resolution of the Annual General Shareholders' Meeting of Brenntag SE on June 10, 2021; it is purely fixed remuneration. The chair and membership of Supervisory Board committees are remunerated separately in line with the German Corporate Governance Code.

The members of the Supervisory Board each receive annual fixed remuneration in the amount of EUR 120k in addition to reimbursement of their expenses. The Chair of the Supervisory Board receives a base remuneration of EUR 210k and the deputy chair EUR 150k. The Chair of the Audit Committee receives an additional EUR 85k per year and every other member of the Audit Committee an additional EUR 25k per year. The chairs of all other committees receive an additional EUR 37.5k (through 2020: EUR 15k) and every other member of these other committees an additional EUR 25k (through 2020: EUR 10k) per year.

The following table shows the amounts due to the current and former Supervisory Board members in 2021:

in EUR k		Fixed remuneration	Office bonuses	**Total**
Doreen Nowotne Chairwoman (since June 10, 2020)	**2021**	**210**	**75**	**285**
	2020	170	19	189
Stefan Zuschke Chairman (until June 10, 2020)	**2021**	**–**	**–**	**–**
	2020	93	7	100
Dr Andreas Rittstieg (Deputy Chairman)	**2021**	**150**	**25**	**175**
	2020	150	10	160
Stefanie Berlinger	**2021**	**120**	**25**	**145**
	2020	120	25	145
Wijnand P. Donkers	**2021**	**120**	**50**	**170**
	2020	120	10	130
Ulrich M. Harnacke	**2021**	**120**	**85**	**205**
	2020	120	85	205
Richard Ridinger	**2021**	**120**	**50**	**170**
	2020	66	14	80
Total remuneration	**2021**	**840**	**310**	**1,150**
	2020	839	170	1,009

B.40 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

Furthermore, Directors & Officers insurance (damage liability insurance) has been taken out for the members of the Supervisory Board with a deductible of at least 10% of the damages, but limited to 150% of the relevant Supervisory Board member's fixed remuneration. Beyond this, Supervisory Board members received no further remuneration or benefits for personal services rendered, in particular advisory and mediatory services, in the reporting year. No loans or advances were granted to members of the Supervisory Board in the reporting year, nor were any guarantees or other commitments entered into in their favour.

CHANGE IN EARNINGS AND REMUNERATION OVER TIME

The remuneration of the Board of Management, Supervisory Board and employees from 2020 to 2021 changed in a similar manner and largely in line with earnings. The following table shows the respective changes. Changes in remuneration and earnings are shown for the first time from 2020 to 2021 and will be updated in subsequent years in the remuneration report. In the case of current and former members of the Board of Management, the total remuneration awarded and due is taken into account as described in chapter "Information on remuneration awarded and due to current and former members of the Board of Management in accordance with Section 162 of the German Stock Corporation Act (AktG)". In the case of current and former Supervisory Board members, the total remuneration awarded and due is taken into account as described in chapter "Remuneration of the Supervisory Board". Apart from apprentices, interns and pre-retirement part-time workers, all employees who had a valid employment contract with Brenntag SE in the respective financial year are included in the changes in average employee remuneration. The basis is the remuneration granted. Part-time employment and employees joining or leaving the company during the year are extrapolated to the full-year, full-time equivalent. Base salary and short-term and long-term variable remuneration are included in the calculation for employees. Fringe benefits and company pension schemes for employees are excluded from the calculation as these remuneration components are to a large extent purely administrative and are not subject to the classic, annual adjustment mechanism. In this analysis, we focus only on the employees of Brenntag SE in order to avoid a distorted picture in the future as a result of takeovers and different remuneration dynamics in other countries.

	Actual 2021	Actual 2020	Change in 2021 compared with 2020
Remuneration of current members of the Board of Management			
Dr Christian Kohlpaintner	EUR 3,127k	EUR 1,331k	+ 134.9%
Georg Müller	EUR 2,213k	EUR 1,607k	+ 37.7%
Henri Nejade	EUR 2,290k	EUR 1,808k	+ 26.7%
Steven Terwindt	EUR 693k	EUR 291k	+ 138.1%
Ewout van Jarwaarde	EUR 637k	–	+ 100.0%
Remuneration of former members of the Board of Management			
Karsten Beckmann	EUR 1,737k	EUR 3,689k	−52.9%
Jürgen Buchsteiner	EUR 302k	EUR 299k	+ 1.0%
Steven E. Holland	–	EUR 4,176k	−100.0%
Markus Klähn	EUR 1,222k	EUR 1,776k	−31.2%
Remuneration of current members of the Supervisory Board			
Doreen Nowotne	EUR 285k	EUR 189k	+ 50.8%
Ulrich M. Harnacke	EUR 205k	EUR 205k	–
Stefanie Berlinger	EUR 145k	EUR 145k	–
Wijnand P. Donkers	EUR 170k	EUR 130k	+ 30.8%
Richard Ridinger	EUR 170k	EUR 80k	+ 112.5%
Dr Andreas Rittstieg	EUR 175k	EUR 160k	+ 9.4%
Remuneration of former members of the Supervisory Board			
Stefan Zuschke	–	EUR 100k	−100.0%
Remuneration of employees			
Ø employee Brenntag SE	EUR 101k	EUR 95k	+ 6.5%
Change in earnings			
Profit after tax Brenntag Group	EUR 461m	EUR 474m	−2.6%
Profit after tax Brenntag SE	EUR 242m	EUR 222m	+ 8.8%

B.41 CHANGES IN BOARD OF MANAGEMENT, SUPERVISORY BOARD AND EMPLOYEE REMUNERATION

AUDITOR'S REPORT

To Brenntag SE, Essen

We have audited the remuneration report of Brenntag SE, Essen, for the financial year from January 1 to December 31, 2021 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Brenntag SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Brenntag SE. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Düsseldorf, March 7, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christiane Lawrenz	ppa. Daniel Deing
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

COMBINED GROUP

MANAGEMENT REPORT

AND MANAGEMENT REPORT OF BRENNTAG SE

94 — 141

GROUP OVERVIEW

Business Activities and Group Structure

BUSINESS ACTIVITIES

Brenntag's growth opportunities along with its resilient business model are based not only on complete geographic coverage, a wide product portfolio and a comprehensive offering of value-added services, but especially on high diversity across our suppliers, customers and industries and our targeted use of the potential offered by outsourcing.

We connect chemical manufacturers (our suppliers) and chemical users (our customers) and offer a full-line portfolio of industrial and specialty chemicals and ingredients as well as tailor-made application, marketing and supply chain solutions, technical and formulation support, comprehensive regulatory expertise and digital solutions. Brenntag purchases large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers, enabling us to achieve economies of scale and offer our roughly 180,000 customers a full-line range of products and value-added services. We store the products we purchase in distribution facilities, pack them into quantities the customers require and deliver them, typically in less-than-truckloads. Brenntag is the strategic partner and service provider for manufacturers of industrial and specialty chemicals and ingredients at the one end and chemical and ingredients users at the other end of the value chain. Brenntag's role is appropriately expressed in our brand identity "ConnectingChemistry".

To enable us to best respond to our customers' and suppliers' diverse and changing requirements, we have since January 1, 2021 been managing our business through two global divisions: Brenntag Essentials and Brenntag Specialties. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. Brenntag Specialties focuses on selling ingredients and value-added services to the selected industries, Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. Overall, Brenntag offers a broad product range comprising more than 10,000 chemicals and ingredients as well as extensive value-added services such as just-in-time delivery, product mixing, blending, repackaging, inventory management, drum return handling as well as technical and laboratory services for specialty chemicals.

Brenntag is the global market leader in chemical and ingredients distribution. We define market leadership not just by business volume; rather, we combine our philosophy "ConnectingChemistry" with constant improvements in the safety standards at our sites. As a responsible service provider, we continually strive to achieve further improvements in the value chain as a whole and to contribute to greater sustainability.

GROUP STRUCTURE AND SEGMENTS

At the ordinary General Shareholders' Meeting on June 10, 2020, shareholders resolved to change Brenntag AG's legal form to a European company (Societas Europaea, SE). The change became effective upon its entry in the Commercial Register on February 1, 2021. As the ultimate parent company, Brenntag SE is responsible for the strategy of the Group. The central functions of Brenntag SE are:

- Corporate Controlling, Corporate Accounting, Tax Brenntag Group, Treasury Brenntag Group, Shared Services Brenntag Group
- Core IT, Digital Business Architecture, Digital Transformation, Data & Analytics
- Corporate Investor Relations, Global Communications, Global Marketing, Corporate Relations & Government Affairs
- QSHE (Quality, Safety, Health and Environment), Sustainability Brenntag Group
- Mergers & Acquisitions Brenntag Group, Corporate Planning & Strategy, Corporate Insurance Management
- General Counsel Brenntag Group, Internal Audit Brenntag Group, Compliance Brenntag Group
- Global Human Resources
- Indirect Procurement, Transformation Office, Functional Excellence, E2E Deployment

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties. Brenntag Essentials is managed through the geographical segments EMEA, North America, Latin America and APAC. Brenntag Specialties comprises the EMEA, Americas and APAC segments. Brenntag Business Services were introduced to support the two divisions, harmonize internal processes and intensify global collaboration. They have been allocated to "All other Segments". In addition, "All other Segments" combine the central functions for the entire Group and the activities with regard to the digitalization of our business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

For details of the scope of consolidation, please refer to the notes to the consolidated financial statements for the period ended December 31, 2021.

Objectives and Strategy

CONNECTINGCHEMISTRY

Our philosophy "ConnectingChemistry" describes our company's value creation, purpose and commitment to all our partners within the supply chain:

- **Success**

We support our partners in developing and growing their businesses, and enable them to expand their market reach. Equally, we are committed to creating value for our shareholders, developing our employees throughout all stages of their careers and making a positive contribution to the sustainable development of the countries in which we operate.

- **Expertise**

We provide our partners with in-depth product, application and industry expertise, and sophisticated market intelligence. We set ourselves apart, drawing on our extensive product and service portfolio as well as our comprehensive industry coverage on a global level and our ability to develop tailor-made solutions.

- **Customer orientation and service excellence**

We offer powerful channels to market and provide the best customer service in the industry. Only when our partners are fully satisfied do we consider our service to be delivered.

VISION, OBJECTIVES AND STRATEGY

Our vision illustrates how we aim to position ourselves in the markets and industries we serve and is summarized by the following five commitments to our current and future development:

- We aim to be the safest chemical distributor and strive for zero accidents and incidents.
- Throughout the world, we connect chemistry by providing the most effective industry channel for our customers and suppliers.
- We are the global leader and strive to attain leading positions in all our chosen markets and industries. We aim to offer the most professional sales and marketing organization in the industry and ensure consistently high standards every day, everywhere.
- We strive to provide a working environment where the best people want to work.
- We aim to generate sustainable and high returns for our shareholders and all other stakeholders.

Our goal is to further expand our position as global market leader in an agilely changing global market environment and lead our industry as the preferred partner for customers and suppliers.

We strive to extend our market leadership through sustainable organic growth and by continuously and systematically increasing profitability.

In addition, we continue to seek acquisition opportunities that support our strategy. Our strategic focus here is on expanding our presence in emerging markets in Asia Pacific in particular so as to capture the expected strong growth in demand for chemicals and ingredients in these regions. In the established markets of Western Europe and North America, our acquisition strategy focuses on steadily optimizing our product and service portfolio.

SUSTAINABILITY

We base our sustainability management on ESG (environmental, social and governance) criteria. Our focus here is on the aspects that can be derived from our daily operations and service portfolio and have been identified as particularly relevant on the basis of our materiality matrix:

- Safety and environmental protection
- Climate protection
- Responsibility within the supply chain
- Compliance
- Employees
- Sustainable products and investments

We are committed to the principles of responsible care and responsible distribution as well as the principles of the UN Global Compact. We are also a member of "Together for Sustainability" (TfS), an industry initiative that aims to enhance sustainability across the chemical industry's entire supply chain. Detailed information on our sustainability management is provided in our latest sustainability report and in the "Health, Safety and Environmental Protection, Quality Management" section of the 2021 Financial Report.

Transformation Programme "Project Brenntag"

"Project Brenntag" was set up with a view to laying strong foundations for future organic earnings growth. Through this broad transformation programme, we aim to adopt a more focused approach to our market activities, build stronger partnerships with our customers and suppliers, and reduce complexity. The core elements are the new operating model comprising two global divisions with a strong focus on customer and supplier requirements, a distinct go-to-market approach derived from that, (infra-)structural topics as well as supporting people and change management measures.

Building on our strengths as the leading full-line distributor, we have, since the beginning of 2021, been managing Brenntag through two global divisions: "Brenntag Essentials" and "Brenntag Specialties". With this new operating model, we are setting the course for Brenntag's successful future development by sharpening our profile in relevant industry segments and serving our customers' and suppliers' requirements faster, better and more comprehensively so as to ensure Brenntag's successful future development.

As an agile, lean and efficient distribution partner at local level, Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. In this segment, we benefit in particular from our local market knowledge and our reach. This allows us to make specific use of our economies of scale. Brenntag Specialties is geared to expanding our market position as the leading supplier of specialty chemicals in six selected focus industries worldwide: Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. The markets of the focus industries are large, globally relevant and offer significant potential for end-to-end solutions. They are subject to strict regulatory requirements and demand technical and application-related expertise.

Both divisions will work equally towards strengthening and expanding our position as global market leader in the distribution of specialty chemicals and as a full-line distributor.

The operating model is complemented by a distinct go-to-market approach with globally harmonized and advanced customer segmentation and a focused sales organization geared to customer requirements. In order to enable us to operate and manage even faster and more efficiently worldwide, we have also combined all business support functions in central, global units.

We see further potential in optimizing our global site network and improving capacity utilization. While maintaining our global reach as well as a high level of service quality and reliability, we will consolidate our site network, strengthen regional hubs, establish new sites and thus provide better, simpler and more efficient customer support. This network optimization also envisages the closure of approximately 100 sites worldwide. Our optimized site network will allow us to improve our efficiency, leverage economies of scale across business areas and products, and increase proximity to our business partners. By optimizing both the distance to the customer and transport requirements, we will also lower CO_2 emissions and improve our environmental footprint.

Our people measures are centred around our employees' further development and extensive skills enhancement in alignment with the company's transformation and on targeted succession planning. Through "Project Brenntag", we are promoting global collaboration, establishing a new management culture and enabling our employees to take on new roles. We will best position the Brenntag brand in the employment market so as to recruit and retain highly qualified employees.

The comprehensive transformation programme is expected to deliver a sustainable additional contribution to operating EBITDA, reaching the full annual potential of EUR 220 million in total in 2023. Including the measures already implemented, the total net cash outflow associated with "Project Brenntag" is expected to amount to around EUR 370 million. The programme's implementation will lead to a reduction of about 1,300 jobs in total worldwide. We monitor project progress and determine the effects using a project management and controlling system tailored to these requirements:

Overall on "Project Brenntag" between its introduction and the end of 2021, we achieved more than 50% of the envisaged effects. We have so far closed more than 70 sites, structurally reduced more than 925 jobs and generated additional operating EBITDA of around EUR 120 million. The cumulative related expenses since the start of "Project Brenntag" amount to around EUR 71 million.

Financial Management System

The financial management system of the Brenntag Group enables us to measure attainment of our strategic objectives. It is based on the key performance indicators operating gross profit, operating EBITDA and free cash flow and their growth. We also measure return on capital and working capital turnover and set strict requirements for the performance of investment projects and acquisitions.

In the following, the key performance indicators used to measure the Group's financial performance are explained. They also include alternative performance indicators not defined under IFRSs such as operating EBITDA and free cash flow, as a result of which these terms may be defined differently by other companies. These alternative performance indicators are calculated continuously using a uniform approach, which ensures that metrics from different financial years can be compared. We sometimes also adjust for acquisition effects, in which case we talk about organic growth.

OPERATING GROSS PROFIT

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term. Operating gross profit is defined as the difference between external sales and cost of materials. Our goal is for the growth in our operating gross profit to exceed macroeconomic benchmarks. In order to ensure that measurement of performance at Group or regional level is meaningful, we adjust the growth in operating gross profit for currency translation effects.

OPERATING EBITDA

The key indicator and measure for the financial performance of the Brenntag Group is operating EBITDA. We use this indicator to manage the segments, as it reflects the performance of our business operations well and is a key component of cash flow. Our aim is to continually grow operating EBITDA throughout the business cycle. It is the operating profit as recorded in the consolidated income statement plus amortization of intangible assets and depreciation of property, plant and equipment, right-of-use assets and investment property, adjusted for certain items.

Brenntag adjusts operating EBITDA for holding charges and for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations.

CASH GENERATION

Free cash flow is defined as follows:

	Operating EBITDA
–	other additions to property, plant and equipment/ intangible assets (capex)
+/–	changes in working capital
–	principal and interest payments on lease liabilities
=	free cash flow

Working capital is defined as trade receivables plus inventories less trade payables. Free cash flow is an important performance indicator for us, as it shows what level of cash is generated from operating activities and will therefore be available for growth through acquisitions as well as for lenders, shareholders and tax payments.

ADDITIONAL PERFORMANCE INDICATORS

In addition to the aforementioned financial performance indicators, we use several other metrics to assess the economic success of our business activities.

In the Brenntag Group, we measure return on capital using the indicator return on capital employed (ROCE). ROCE is defined as:

$$\text{ROCE} = \frac{\text{Operating EBITA}}{\text{(average carrying amount of equity + average carrying amount of financial and lease liabilities – average carrying amount of cash and cash equivalents)}}$$

The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

The conversion ratio is an indicator we calculate to measure the efficiency of a segment or the Group, more specifically by expressing operating EBITDA for a given period as a percentage of operating gross profit for the same period. The indicator is used primarily to assess longer-term trends and less so to analyze short-term fluctuations between quarters.

In our efforts to generate increasing cash flow, we analyze working capital turnover. This is defined as:

$$\text{WORKING CAPITAL TURNOVER} = \frac{\text{sales}}{\text{average working capital}}$$

Average working capital for a particular year is defined as the arithmetic average of working capital at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

To determine whether a particular investment project is expected to generate value for Brenntag, we take the modified internal rate of return (MIRR) and the payback period as measures of the risk involved in the project. An investment project is generally only approved if the MIRR is above the hurdle rate and the combination of return and payback seems attractive. The hurdle rate for the MIRR varies according to the risk involved in the project and depends, among other factors, on the respective country risk.

In addition to these metrics, we have also set strategic objectives as well as financial hurdle rates that generally have to be considered when an acquisition is carried out. In particular, potential acquisitions must be able to satisfy our hurdle rate of return in the form of free cash flow on capital employed. Again, the hurdle rate of return depends, among other factors, on the country risk of the acquisition.

Further performance indicators such as tax rate and earnings per share (EPS) are only used at Group level. They are not used to measure the performance of Brenntag's segments since factors such as interest or tax are less a reflection of the operating performance of the segments, but are above all based on central decisions.

ADJUSTMENT FOR EXCHANGE RATE EFFECTS

For the purposes of Group accounting, the results of all Group companies are translated into the Group currency, the euro. The results are always translated at the average rate for the reporting period.

Therefore, the results and in particular the change between reporting periods may not only be affected by changes in operating performance, but also by effects of translation from functional currencies into the Group currency, the euro (translation effects). As Brenntag considers it important to assess the operating performance of the Group companies and in particular the change in operating performance between reporting periods free of distortions from translation effects, we also report the changes adjusted for these effects.

Exchange rate-adjusted financial metrics are not to be seen as substitutes or as more meaningful financial indicators, but always as additional information on sales, operating expenses, earnings or other metrics.

REPORT ON ECONOMIC POSITION

Economic Environment

Global industrial production showed an appreciable year-on-year increase of approximately 7.9 % over the course of financial year 2021. However, the COVID-19 pandemic continued to impact on economic activity in many parts of the world and the initial recovery in the global economy slowed from the mid-year point onwards. In Asian countries in particular, economic activity was held in check by a rise in infections. In the United States and Europe, the impact was smaller. In addition to the adverse effects of the pandemic, the upturn in industrial production was also hampered by continuing supply bottlenecks, which constrained the production of goods, and a substantial rise in inflation. Based on initial signs of easing pressures on supply chains and price inflation towards year-end, the Global Manufacturing Purchasing Managers' Index (PMI) held steady at a positive 54.2 in December, a reading still well above the 50 neutral mark.

In Europe, the economy recovered strongly in 2021 despite slowing momentum. Across all sectors of industry, growth in the European Union reached 8.9 % compared with the previous year. In the USA, the upturn that followed the COVID-induced recession led to a 5.5 % increase in industrial production compared with 2020, supported in part by several economic stimulus and reform packages. Latin American industrial production grew by 8.0 % year on year in financial year 2021. Overall, the developed economies of Asia (excluding China and Japan) were also among the regions of the world experiencing the fastest economic growth in 2021 despite sometimes high infection numbers and low vaccination rates. This was reflected in a total growth rate of 8.8 % compared with the prior-year figure. The Chinese economy also grew strongly last year thanks to the country's tight control of the pandemic and driven mainly by export activities. Across all industries, production expanded by around 11 % year on year over 2021 as a whole.

Business Performance

MAJOR EVENTS IMPACTING ON BUSINESS IN 2021

In January 2021, Brenntag acquired Miroven S.r.l., Comelt S.p.A. and Aquadepur S.R.L. based in northern Italy. The acquirees generated sales of around EUR 31 million in financial year 2020.

Also in January 2021, Brenntag acquired ICL Packed Ltd. based in Grays, Essex, England. The acquiree generated sales of EUR 12 million in financial year 2020.

In February 2021, Brenntag closed the acquisition of Alpha Chemical Ltd. based in Dartmouth, Nova Scotia, Canada. The company generated sales of around EUR 11 million in financial year 2020.

In April 2021, the Board of Management decided on changes to our IT portfolio that resulted in impairment losses on intangible assets of EUR 51.9 million.

At the end of June 2021, Brenntag acquired the remaining 49 % of the shares in Chinese specialty chemical distributor Wellstar Group. Wellstar Group is headquartered in Hong Kong and has three subsidiaries in mainland China, based in Shenzhen, Guangzhou and Shanghai. Brenntag acquired the first tranche comprising 51 % of the shares in Wellstar Group in August 2017. Following the closure of the second tranche, Wellstar Group is now wholly owned by the Brenntag Group.

At the end of July 2021, Brenntag closed the acquisition of the first tranche (67 %) of Chinese specialty distributor Zhongbai Xingye Food Technology (Beijing) Co., Ltd. based in Beijing. The second tranche is expected to close at the end of 2024. Over a twelve-month period to June 2020, the acquiree generated sales of around EUR 146 million.

Also at the end of July 2021, Brenntag acquired all operating assets and the distribution business of Matrix Chemical, LLC. Based in San Juan, Puerto Rico, the company generated sales of EUR 164 million in financial year 2020.

In August 2021, Brenntag acquired the business operations of Storm Chaser Holding Corporation (JM Swank) headquartered in North Liberty, Iowa, USA. The company is a leading distributor of food ingredients and generated sales of around EUR 442 million in 2020. This strategic acquisition doubled Brenntag's size in the Nutrition business in the region, turning it into the leading food ingredients and food process chemicals distributor in North America.

On September 20, 2021, Brenntag was admitted to the DAX, Germany's leading index, which was expanded from 30 to 40 member companies as part of a reform.

Furthermore, at the end of September 2021, Brenntag placed a new, EUR 500.0 million bond on the European capital market. This is the first bond issued by Brenntag under a newly established debt issuance programme. At the beginning of October 2021, Brenntag Finance B.V. issued the bond with a maturity of eight years and a coupon of 0.50% on the Euro MTF market at the Luxembourg Stock Exchange. The issue price of the bond was 99.711%. Brenntag is using the proceeds from the bond issue to pay down existing financial liabilities and finance the Group's general business development.

A routine review of the tax on alcohol and energy conducted by the German customs authorities at two Group companies in Germany resulted in tax decision notices being issued for the years 2014 to 2016, in the amount of EUR 63.1 million in May 2021 and a further EUR 30.9 million in December 2021, against which an appeal was lodged. As at December 31, 2021, the Board of Management had taken the precaution of recognizing provisions of EUR 81.5 million for expenses from excise duties for subsequent tax assessment periods despite the fact that our legal opinion differs from that of the tax authority.

At the end of December 2021, Brenntag appointed Dr Kristin Neumann to the Board of Management of Brenntag SE with effect from April 1, 2022. She will take up the post of Chief Financial Officer, where she will be responsible for Accounting, Controlling, Investor Relations, Legal, Shared Services, Tax, Treasury, Insurance and BRENNTAG International Chemicals GmbH. Dr Kristin Neumann succeeds Georg Müller, who for personal reasons and by mutual agreement stood down from his post on February 2, 2022.

STATEMENT BY THE BOARD OF MANAGEMENT ON BUSINESS PERFORMANCE

The Brenntag Group achieved operating EBITDA of EUR 1,344.6 million in financial year 2021, an increase of 27.1% compared with the previous year. On a constant currency basis, this represents earnings growth of 29.5%. We therefore achieved excellent operating results in the past financial year.

2021 was a year shaped by exceptional influencing factors. As in 2020, the COVID-19 pandemic impacted on large parts of professional and private life. All parts of the world were affected by waves of infections. In addition, global supply chains came under considerable pressure as a result of energy crises, exceptional weather conditions such as hurricanes and winter storms, and the blockage of the Suez Canal. In this exceptional environment, we were able to almost fully maintain our operating activities, supply our customers with the required products and offer our employees a safe working environment in financial year 2021. As market leader, Brenntag plays an important role in global distribution markets and enjoys a high level of trust, including in times of major uncertainty. In particular, Brenntag's broad and globally diversified customer and product portfolio and our close relationships with our suppliers paid off again.

Our Brenntag Essentials division was able to increase earnings significantly year on year, with the Brenntag Essentials EMEA and Brenntag Essentials North America segments in particular making substantial contributions to the division's growth.

Our Brenntag Specialties division grew at an even stronger rate in financial year 2021. All division segments posted considerable earnings growth compared with the prior-year period.

We made further substantial progress in implementing "Project Brenntag" in financial year 2021. We are optimizing our global site network and have already closed more than 70 sites in total since the implementation phase began. Furthermore, we have structurally reduced more than 925 jobs so far. The comprehensive transformation programme has already contributed around EUR 120 million to operating EBITDA. The cumulative related expenses since the start of "Project Brenntag" amount to around EUR 71 million.

Due to substantial price escalations in our procurement markets and an increase in trade receivables, the Group recorded an increase in working capital in financial year 2021. Thanks to our excellent working capital management, we were able to increase annualized working capital turnover compared with the previous year and thus demonstrate the quality of our working capital management.

Capital expenditure in financial year 2021 was up slightly on the prior-year figure. We invested in our global site network in particular.

In financial year 2021, we once again generated a high free cash flow that offers us financial flexibility. Due to the increase in working capital, however, free cash flow is down significantly on the exceptionally high prior-year figure.

Profit after tax for financial year 2021 was negatively impacted by one-time items, mainly the reassessment of our IT portfolio and payments and provisions in connection with the tax on alcohol and energy.

Due to our lasting relationships with our suppliers and customers, our broad range of products and services and the adaptability of our organization, we are very well positioned both at present and for the future. We expect to see the exceptional and challenging market conditions persist well into 2022.

Again, we were able to convincingly demonstrate our capabilities in the past financial year. We are very satisfied with the operating results achieved. Overall, we closed financial year 2021 with an excellent operating result.

Results of Operations

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

			Change	
in EUR m	**2021**	**2020**	in %	in% (fx adj.)[1]
Sales	14,382.5	11,794.8	21.9	23.8
Operating gross profit	3,379.0	2,869.4	17.8	19.6
Operating expenses	−2,034.4	−1,811.7	12.3	13.9
Operating EBITDA	**1,344.6**	**1,057.7**	**27.1**	**29.5**
Depreciation of property, plant and equipment and right-of-use assets	−262.7	−252.4	4.1	5.5
Operating EBITA	1,081.9	805.3	34.3	37.0
Net expense from special items	−228.7	−47.2	–	–
EBITA	853.2	758.1	–	–
Amortization of intangible assets	−110.8	−45.1	–	–
Net finance costs	−92.1	−79.7	–	–
Profit before tax	650.3	633.3	–	–
Income tax expense	−188.9	−159.5	–	–
Profit after tax	461.4	473.8	–	–

C.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

[1] Change in % (fx adj.) is the percentage change on a constant currency basis.

The Brenntag Group generated **sales** of EUR 14,382.5 million in financial year 2021, an increase of 21.9 % compared with the previous year. On a constant currency basis, sales were up by 23.8 % on the prior-year figure. The rise is due to significantly higher sales prices per unit and slightly higher volumes.

Whereas for manufacturing companies, sales play a key role, for us as a chemical distributor, operating gross profit is a more important factor for increasing our enterprise value over the long term.

The Brenntag Group generated **operating gross profit** of EUR 3,379.0 million in financial year 2021, an increase of 17.8 % compared with the previous year. On a constant currency basis, this represents a significant rise of 19.6 %. Both divisions contributed to this positive performance at operating gross profit level. The increase in operating gross profit is the result of higher profit per unit in combination with slightly higher volumes and is due mostly to organic growth in our business.

The Brenntag Group's **operating expenses** amounted to EUR 2,034.4 million in financial year 2021, a rise of 12.3 % year on year. On a constant currency basis, operating expenses were up by 13.9 % on the prior-year figure. The rise in costs is due in part to higher variable personnel and transport expenses. Operating expenses were adjusted for net special items in the amount of EUR 228.7 million, which consist of expenses of EUR 234.2 million and income of EUR 5.5 million.

The Brenntag Group achieved **operating EBITDA** of EUR 1,344.6 million overall in financial year 2021, an increase of 27.1 % on the prior-year figure. On a constant currency basis, we achieved extremely encouraging earnings growth of 29.5 %. Operating costs rose at a softer rate than operating gross profit, enabling us to record stronger growth in operating EBITDA. Overall, we saw strong inflationary pressures on our costs, but were able to pass these on to our customers. The rise in operating EBITDA is almost entirely organic. The Brenntag Group's growth is due to strong increases in earnings in both of the divisions. The COVID-19 pandemic remained with us this year, impacting on the global economy. In particular, supply bottlenecks and the trend in energy prices posed a challenge throughout the year. In a market environment that remained difficult, our close relationships with our customers and suppliers, our broad product portfolio and our global logistics expertise paid off again.

Depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets amounted to EUR 373.5 million in financial year 2021, with **depreciation** of property, plant and equipment and right-of-use assets accounting for EUR 262.7 million and amortization of intangible assets for EUR 110.8 million. Compared with financial year 2020, we recorded an increase in total depreciation and **amortization** of EUR 76.0 million, due in part to impairment losses in connection with changes to our IT portfolio.

Net expense from special items breaks down as follows:

in EUR m	2021	2020
Expenses in connection with "Project Brenntag"/programmes to increase efficiency	−34.7	−47.2
Expenses from excise duties	−175.5	–
Provision for legal risks	−24.0	–
Refund of social security charges paid in previous years in Brazil	5.5	–
Net expense from special items	**−228.7**	**−47.2**

C.02 NET EXPENSE FROM SPECIAL ITEMS

The expenses in connection with "Project Brenntag" consist mainly of advisory and one-time expenses necessary in order to achieve the desired target structure, such as expenses in connection with site closures and severance payments.

The expenses for excise duties are the result of routine reviews of the tax on alcohol and energy being conducted by the German customs authorities at two Group companies in Germany. Tax decision notices were subsequently issued for the years 2014 to 2016 in the amount of EUR 94.0 million, against which an appeal was lodged. Although our legal opinion differs from that of the tax authority, we have taken the precaution of recognizing a total of EUR 81.5 million in the balance sheet for subsequent tax assessment periods.

Provisions totalling EUR 24.0 million were recognized for legal risks arising from possible breaches of export control regulations and from the distribution of certain minerals in North America.

Net finance costs came to EUR 92.1 million in financial year 2021 (2020: EUR 79.7 million), with the year-on-year change attributable mainly to four effects. Firstly, net interest expense of EUR 59.5 million showed an improvement on the prior-year period (2020: EUR 66.4 million). This is due mainly to the change in general interest rate levels as a result of the measures taken by central banks in connection with the COVID-19 pandemic. In addition, Group debt was down year on year, particularly in the first half of 2021, which likewise contributed to the aforementioned improvement in net interest expense. Thirdly, expenses arising on the translation of foreign currency receivables and liabilities were lower than in the prior-year period. Conversely, expenses of EUR 28.3 million (2020: income of EUR 0.4 million) arising on the measurement of liabilities relating to the acquisition of non-controlling interests had an opposite effect on net finance costs.

Income tax expense rose by EUR 29.4 million year on year to EUR 188.9 million in financial year 2021 due to an increase in profits and special items in 2021.

Profit after tax stood at EUR 461.4 million in financial year 2021 (2020: EUR 473.8 million).

			Change	
in EUR m	**2021**	**2020**	abs.	in %
Operating EBITA	1,081.9	805.3	276.6	34.3
Average carrying amount of equity	3,802.8	3,582.9	219.9	6.1
Average carrying amount of financial and lease liabilities	2,363.4	2,453.0	−89.6	−3.7
Average carrying amount of cash and cash equivalents	−645.7	−654.1	8.4	−1.3
ROCE	**19.6 %**	**15.0 %**	–	–
ROCE after special items	**15.5 %**	**14.1 %**	–	–

C.03 RETURN ON CAPITAL EMPLOYED (ROCE)

The Brenntag Group posted **ROCE** of 19.6 % in financial year 2021, a rise of 4.6 percentage points compared with the previous year. This change is due mainly to the significant increase in operating EBITA and was supported additionally by the decline in the carrying amount of financial and lease liabilities. Unadjusted for special items, ROCE rose to 15.5 % in financial year 2021 (2020: 14.1 %).

BUSINESS PERFORMANCE IN THE DIVISIONS

	Operating gross profit			Operating EBITDA		
		Change versus 2020			Change versus 2020	
in EUR m	**2021**	in %	in % (fx adj.)	**2021**	in %	in % (fx adj.)
Brenntag Essentials	2,066.9	14.4	16.1	843.0	26.8	28.6
Brenntag Specialties	1,283.2	23.1	25.4	567.5	31.3	34.3
All other Segments	28.9	38.9	38.9	−65.9	67.3	67.3
Brenntag Group	**3,379.0**	**17.8**	**19.6**	**1,344.6**	**27.1**	**29.5**

C.04 BUSINESS PERFORMANCE IN THE DIVISIONS

Operating gross profit in the **Brenntag Essentials division** rose by 14.4 % year on year to EUR 2,066.9 million in financial year 2021. On a constant currency basis, operating gross profit was up by 16.1 % on the prior-year figure. This performance is due to higher operating gross profit per unit in all segments of the Brenntag Essentials division. All segments generated strong growth in operating gross profit in financial year 2021. The North America and APAC segments also achieved higher volumes.

The Brenntag Essentials division achieved operating EBITDA of EUR 843.0 million in financial year 2021, a rise of 26.8 % compared with the previous year. On a constant currency basis, this represents growth of 28.6 %. Operating costs grew at a softer rate than operating gross profit. We saw strong inflationary pressures on our costs, but were mostly able to pass these on. Operating EBITDA therefore increased at an even faster rate than operating gross profit. In all segments, this positive operating EBITDA performance was due almost entirely to organic growth. In the course of 2021, there were various effects on supply chains in the individual Essentials segments as a result of the general COVID-19 situation and regional political decisions as well as weather conditions in some regions. Nevertheless, we managed to maintain reliable deliveries of our products to our customers at all times.

Operating gross profit in the **Brenntag Specialties division** was up by 23.1 % on the prior-year figure to EUR 1,283.2 million in financial year 2021. On a constant currency basis, it showed a rise of 25.4 %. We benefited primarily from significantly higher operating gross profit per unit and achieved higher volumes in all three segments.

Overall, the Brenntag Specialties division posted operating EBITDA of EUR 567.5 million in financial year 2021, an increase of 31.3 % on the prior-year figure. On a constant currency basis, operating EBITDA rose by 34.3 %. This very encouraging result is due to a broad-based, extremely positive performance across all segments. It was driven mostly by substantial organic growth and also supported by the acquisitions closed. Here too, the general political and economic situation in connection with the COVID-19 pandemic and supply bottlenecks played a significant role. Nevertheless, operating EBITDA increased at a faster rate than operating gross profit in all Specialties segments. In this division too, we were able to pass on the inflation-driven increases in costs. The Americas and EMEA segments are particularly worthy of note here. In absolute terms, these were the strongest drivers of the positive results compared with the previous year. The APAC segment also achieved significant growth rates in the course of the year.

In **All other Segments** in financial year 2021, we recorded a high rise in costs compared with the previous year. This is due in part to higher provisions for performance-related remuneration components and higher advisory expenses, primarily in IT, Shared Services and the Board of Management.

BRENNTAG ESSENTIALS

	Operating gross profit			Operating EBITDA[1]		
		Change versus 2020			Change versus 2020	
in EUR m	**2021**	in %	in % (fx adj.)	**2021**	in %	in % (fx adj.)
Essentials EMEA	802.2	8.2	7.8	330.8	24.9	24.3
Essentials North America	999.9	20.4	23.8	414.7	30.3	34.1
Essentials Latin America	151.6	13.3	19.1	53.2	18.2	24.9
Essentials APAC	113.2	12.5	11.9	45.0	19.4	18.1
Brenntag Essentials	**2,066.9**	**14.4**	**16.1**	**843.0**	**26.8**	**28.6**

C.05 BUSINESS PERFORMANCE IN THE BRENNTAG ESSENTIALS SEGMENTS

[1] The difference between the sum total of the reportable segments (EMEA, North America, Latin America and APAC) and the Brenntag Essentials division is the result of central activities which are part of the Brenntag Essentials division but not directly attributable to any one segment.

The **Brenntag Essentials EMEA segment** achieved operating gross profit of EUR 802.2 million in financial year 2021, an increase of 8.2% on the prior-year figure. On a constant currency basis, operating gross profit climbed by 7.8% despite supply bottlenecks. Maintaining global trade and distribution channels remains a major challenge for all players. In the course of the year, European COVID-19 policy impacted on markets to varying degrees. Nevertheless, we were always able to supply our customers reliably. In financial year 2021, the segment therefore once again generated high operating gross profit per unit that was up significantly on the previous year and thus drove the growth in operating gross profit.

Brenntag Essentials EMEA generated operating EBITDA of EUR 330.8 million in financial year 2021, thereby exceeding prior-year earnings by 24.9%. This represents a rise of 24.3% on a constant currency basis and is due predominantly to the increase in operating gross profit and softer rises in costs thanks to efficient cost management. The broad-based increase in operating EBITDA is almost entirely organic.

Operating gross profit in the **Brenntag Essentials North America segment** rose by 20.4% year on year to EUR 999.9 million in financial year 2021. On a constant currency basis, operating gross profit showed significant growth of 23.8% compared with the previous year. This is due to a general rise in demand in financial year 2021, which was reflected in higher volumes, and very good price management. Operating gross profit per unit increased significantly, enabling us to achieve strong, broad-based growth in operating gross profit.

The North America segment in the Brenntag Essentials division generated operating EBITDA of EUR 414.7 million in financial year 2021. Business in North America was impacted by regional weather conditions. Overall, the second half of the year saw an economic recovery in North America. We achieved extremely strong, broad-based growth throughout the segment, even though we also faced high increases in costs, particularly transport costs. Prior-year earnings were exceeded by 30.3% overall. On a constant currency basis, this represents a steep rise in operating EBITDA of 34.1% in financial year 2021. Operating EBITDA therefore increased at a faster rate than operating gross profit. The strong rise in this segment is due almost entirely to organic growth.

The **Brenntag Essentials Latin America segment** achieved operating gross profit of EUR 151.6 million in financial year 2021, thereby exceeding the prior-year figure by 13.3 %. On a constant currency basis, operating gross profit was up by 19.1 %. This encouraging rise is the result of significantly higher operating gross profit per unit. Substantial growth rates were achieved in all key countries.

The Brenntag Essentials Latin America segment generated operating EBITDA of EUR 53.2 million in financial year 2021, an increase of 18.2 % on prior-year earnings. This represents a rise of 24.9 % on a constant currency basis and is due predominantly to an exceptionally positive performance at operating gross profit level in almost all countries, which more than offset the cost increases incurred in the segment. The segment achieved an extremely strong increase in operating EBITDA in Brazil in particular. The growth achieved is entirely organic.

The **Brenntag Essentials APAC segment** achieved operating gross profit of EUR 113.2 million in financial year 2021, an increase of 12.5 % on the prior-year figure. On a constant currency basis, operating gross profit was up by 11.9 %. This segment recorded a clear rise in operating gross profit per unit. It also achieved moderately higher volumes in financial year 2021. The growth in operating gross profit was driven mainly by China.

The Brenntag Essentials APAC segment generated operating EBITDA of EUR 45.0 million in financial year 2021, an increase of 19.4 % on prior-year earnings. On a constant currency basis, this represents a rise of 18.1 %. The strong result was achieved despite various temporary lockdowns in the second half of the year against the background of waves of COVID-19 infections in Asia. In addition, China faced higher-than-average transport costs, pressure on supply chains and constraints related to Chinese energy and greenhouse gas (GHG) emissions policy. Overall, however, operating costs were kept under control, enabling the segment to achieve a strong result.

BRENNTAG SPECIALTIES

	Operating gross profit			Operating EBITDA[1]		
		Change versus 2020			Change versus 2020	
in EUR m	**2021**	in %	in % (fx adj.)	**2021**	in %	in % (fx adj.)
Specialties EMEA	594.5	20.3	21.3	276.5	30.1	32.2
Specialties Americas	459.2	25.4	29.1	180.3	34.0	38.2
Specialties APAC	229.5	26.2	29.2	111.8	30.8	33.7
Brenntag Specialties	**1,283.2**	**23.1**	**25.4**	**567.5**	**31.3**	**34.3**

“PROJECT BRENNTAG”C.06 BUSINESS PERFORMANCE IN THE BRENNTAG SPECIALTIES SEGMENTS

[1] The difference between the sum total of the reportable segments (EMEA, Americas and APAC) and the Brenntag Specialties division is the result of central activities which are part of Brenntag Specialties but not directly attributable to any one segment.

The **Brenntag Specialties EMEA segment** achieved operating gross profit of EUR 594.5 million in financial year 2021, an increase of 20.3 % on the strong prior-year figure. On a constant currency basis, operating gross profit was up by 21.3 % overall due in particular to a significant rise in operating gross profit per unit. The COVID-19 pandemic remained with us throughout the year, impacting on the global economy at different times and to varying degrees. The product shortages on European markets remained a challenge for all players during the course of the year, even though the products in short supply varied over time. Nevertheless, the segment achieved a slight increase in volumes amid the supply bottlenecks prevailing in many European countries. Overall, we saw a broad-based positive trend in operating gross profit in the EMEA segment, primarily in the focus industries Lubricants, Material Science, Nutrition and Water Treatment.

The Brenntag Specialties EMEA segment generated operating EBITDA of EUR 276.5 million in financial year 2021, thereby exceeding prior-year earnings by 30.1 %. This represents a strong rise of 32.2 % on a constant currency basis and is due predominantly to the aforementioned positive performance at operating gross profit level as well as relatively small increases in costs. The financial results reflect our ability to supply our customers reliably and at short notice in a difficult market environment, combined with supply bottlenecks and the trend in prices on the European markets. The growth is almost entirely organic.

Operating gross profit in the **Brenntag Specialties Americas segment** rose by 25.4 % year on year to EUR 459.2 million in financial year 2021. On a constant currency basis, this represents significant growth of 29.1 % compared with the previous year. This performance is due in particular to a comparatively steep rise in operating gross profit per unit. Helped especially by the acquisition of JM Swank closed in 2021, the segment also increased volumes. Much like in the EMEA segment, earnings during the year were impacted by the different regional approaches to the COVID-19 pandemic and the related restrictions. At the beginning of the year, winter storms in North America and factors such as the related supply bottlenecks presented certain challenges in this region. We were able to counter this through very good price management and nevertheless achieve extremely strong results. Nutrition, Personal Care & HI/I, Lubricants and Material Science were particularly successful.

The Brenntag Specialties Americas segment achieved operating EBITDA of EUR 180.3 million in financial year 2021, an increase of 34.0 % on the prior-year figure. On a constant currency basis, this represents a substantial rise of 38.2 % in financial year 2021. The acquisitions closed made an additional positive contribution to the extremely strong organic growth. Here too, we benefited from our excellent supplier relationships against the background of the prevailing supply bottlenecks. Immensely high transport costs in particular pushed up operating costs in this segment. Overall, however, costs grew at a softer rate than operating gross profit, enabling us to achieve a higher increase in operating EBITDA.

The **Brenntag Specialties APAC segment** achieved operating gross profit of EUR 229.5 million in financial year 2021, an increase of 26.2 % on the prior-year figure. On a constant currency basis, operating gross profit was up by 29.2 %. This segment achieved the highest growth in volumes. It also increased operating gross profit per unit significantly. Earnings for the past quarter were influenced, among other factors, by temporary lockdowns in South East Asia as a result of waves of COVID-19 infections. Nevertheless, the segment achieved extremely strong, double-digit increases in operating gross profit across all focus industries. We therefore once again demonstrated the resilience of our business model.

Brenntag Specialties APAC generated operating EBITDA of EUR 111.8 million in financial year 2021, thereby exceeding prior-year earnings by 30.8 %. This represents significant growth of 33.7 % on a constant currency basis and is due to a positive performance in all focus industries and a comparatively softer increase in the cost base. The growth was organic and driven by acquisitions, particularly Zhongbai Xingye, in roughly equal measure.

ALL OTHER SEGMENTS

BRENNTAG International Chemicals GmbH, the only operating company within "All other Segments", significantly exceeded prior-year operating EBITDA in financial year 2021.

The operating expenses posted by the holding companies in the same period were up on the figure for financial year 2020. This is due in part to higher personnel expenses in connection with higher provisions for performance-related remuneration components and advisory expenses, primarily in IT, Shared Services and the Board of Management.

Overall, the operating EBITDA of "All other Segments" was down by EUR 26.5 million on the prior-year figure to EUR –65.9 million in financial year 2021.

FORECAST/ACTUAL COMPARISON

In the following, we only comment on performance compared with the forecast published in last year's financial report where it differs from that forecast.

Given the global impact of the COVID-19 pandemic on the economy, we are extremely satisfied with our operating EBITDA performance. This earnings forecast is inclusive of the contribution from the acquisitions closed and exclusive of foreign currency translation effects arising after the date of the forecast's preparation. So far in the course of the pandemic, Brenntag has been able to demonstrate the strength and robustness of our business model. For 2021, we initially forecast operating EBITDA of between EUR 1,080.0 million and EUR 1,180.0 million. On June 17, 2021, the Board of Management of Brenntag SE decided to raise this forecast range to between EUR 1,160.0 million and EUR 1,260.0 million. On September 14, 2021, the Board of Management decided to raise the forecast range again, to between EUR 1,260.0 million and EUR 1,320.0 million. The revisions were in each case due to the strong results for the quarters of 2021 already ended, the positive earnings trends in the past quarter and the growth outlook for the rest of the year. The forecast took into account the potential efficiency improvement anticipated in the course of implementing the measures resulting from "Project Brenntag" as well as the contributions to earnings from acquisitions already closed. It also reflected our expectations for the future course of the COVID-19 pandemic and the exceptional market conditions as a result of the pandemic. Our forecasts were based on the assumption at the date of their publication that exchange rates would remain stable. At year-end, the Brenntag Group achieved operating EBITDA of EUR 1,344.6 million, putting it moderately above the upper end of the forecast range.

At the beginning of financial year 2021, we expected a clear improvement in working capital turnover compared with the reported averages for the previous financial year. In fact, we improved working capital turnover significantly.

In the prior-year forecast, we expected capital expenditure of EUR 320 million. In the first half of 2021, we lowered this forecast to EUR 260 million. In the third quarter of 2021, the forecast for capital expenditure was lowered further, to EUR 210 million, due to updated implementation schedules for some major projects and the currently very long delivery times on certain capital goods. At EUR 199.3 million, our capital expenditure in the past financial year was significantly lower than the original forecast.

Financial Position

CAPITAL STRUCTURE

The primary objective of capital structure management is to maintain the Group's financial strength. Brenntag concentrates on a capital structure which enables the Group to cover its potential financing requirements at all times. This gives Brenntag a high degree of independence, security and flexibility. Our liquidity, interest rate and currency risks are largely managed on a Group-wide basis. Derivative financial instruments are only used to hedge the above-mentioned risks from underlying transactions and not for speculative purposes. A Group-wide Finance Guideline ensures the implementation of these policies and standard processes throughout the Group.

The most important component in the financing structure of Brenntag SE is the Group-wide syndicated loan agreement. The syndicated loan totalling the equivalent of EUR 1.5 billion has a term ending in January 2024. It is based on variable interest rates with margins depending on leverage, and is divided into different tranches with different currencies. Total liabilities (excluding accrued interest and before offsetting of transaction costs) under the syndicated loan amounted to EUR 519.1 million as at December 31, 2021. In addition to fully drawn tranches, the loan agreement also contains two revolving credit facilities totalling EUR 940.0 million. These credit facilities were mostly unused as at December 31, 2021 and are available for further drawdowns at any time. While some of our subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag SE.

In November 2015, Brenntag Finance B.V. issued a bond with warrant units in the amount of USD 500.0 million maturing in December 2022. The bond (Bond (with Warrants) 2022) was issued at 92.7 % of par and bears a coupon of 1.875 % p.a. with interest payable semi-annually. The interest expense from the Bond (with Warrants) 2022 comprises the aforementioned interest payments and the ongoing amortization of the discount. The discount (7.3 % or USD 36.5 million) is the warrant premium on the warrants issued together with the Bond (with Warrants) 2022 to purchase Brenntag SE shares. The holders of the warrants have the right to purchase new Brenntag shares at the prevailing strike price (currently EUR 72.2474 per share). As at December 31, 2021, the Brenntag share price was higher than the strike price, meaning that the warrants had a positive intrinsic value at that date.

In addition, in September 2017, Brenntag Finance B.V. issued a EUR 600 million bond (Bond 2025) maturing in 2025 and bearing a coupon of 1.125 % with interest paid annually.

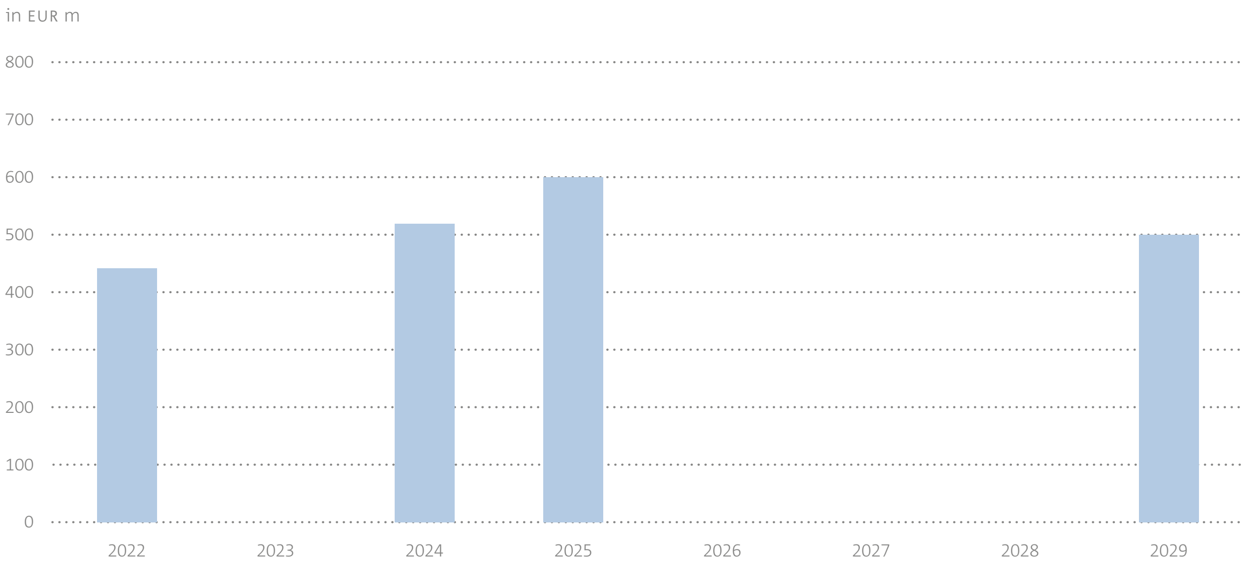
In October 2021, Brenntag Finance B.V. issued a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50 %. It is the first bond issue to take place under a EUR 3 billion debt issuance programme newly established in 2021. The Bond 2029 was issued primarily for the purpose of refinancing the Bond (with Warrants) 2022 early, ahead of its maturity in December 2022. Most of the proceeds from the Bond 2029 were therefore swapped for US dollars by way of a long-dated derivative (cross-currency interest rate swap) in 2021. These proceeds can now be used to repay the Bond (with Warrants) 2022.

In addition to the four above-mentioned financing instruments, some of our companies make use of credit lines with local banks in consultation with Group Treasury.

Due to the three fixed-rate bonds, just under 70 % of the Brenntag Group's financial liabilities are currently hedged against the risk of interest rate increases.

According to our short- and mid-term financial planning, the capital requirements for operating activities, investments in property, plant and equipment, outflows in connection with "Project Brenntag", and dividends and acquisitions in the size of past practice are expected to be covered by the cash provided by operating activities and the aforementioned existing credit facilities. To cover short-term liquidity requirements and for general corporate purposes, we likewise have the aforementioned credit facilities under the syndicated loan.

Maturity profile of our credit portfolio[1)]
as at December 31, 2021 in EUR m:



C.07 MATURITY PROFILE OF OUR CREDIT PORTFOLIO

[1)] Syndicated loan, Bond (with Warrants) 2022, Bond 2025 and Bond 2029 excluding accrued interest and transaction costs.

INVESTMENTS

In financial year 2021, investments in property, plant and equipment and intangible assets (excluding additions from acquisitions) led to a total cash outflow of EUR 199.3 million (2020: EUR 199.1 million).

We regularly invest in the maintenance, replacement and extension of the infrastructure necessary to perform our services, comprising warehouses, offices, trucks and vehicles of our field service as well as IT hardware for various systems. As the market leader and a responsible chemical distributor, we attach importance to ensuring that our property, plant and equipment meet comprehensive health, safety and environmental requirements.

Notable examples among a vast number of investments include two projects in China entailing an investment volume of EUR 23.8 million in 2021: Cangzhou, in Hebei Province, and Zhangjiagang in Jiangsu Province. The construction of the two sites will support further growth in China and meet the latest safety standards and requirements. In 2021, investments for the Zhangjiagang site amounted to EUR 18.8 million and investments for Cangzhou to EUR 5.0 million. The two projects were started in 2017 and are to a large extent completed.

Investments were also made in a site in Maurice, Louisiana, USA with a view to improving operational efficiency. The project facilitates the consolidation of four local sites. The site has been geographically positioned so as to enable it to benefit from offshore business in the region. The investments totalling EUR 5.3 million in 2021 include an extended tank farm, a larger raw materials warehouse and a main building for all employees. The project is expected to be completed in the second quarter of 2022.

Investments in intangible assets amounted to EUR 20.0 million in financial year 2021 (2020: EUR 45.8 million) and relate mainly to digitalization and the expansion of our IT infrastructure in EMEA and Latin America.

Investments are typically funded from cash flow and/or available cash from the respective Group companies. With larger investment projects which cannot be covered by local funds, financing is provided by the Group and external borrowings are mostly not necessary.

LIQUIDITY

Cash flow

in EUR m	2021	2020
Net cash provided by operating activities	**388.6**	**1,219.0**
Net cash used in investing activities	**−608.5**	**−224.1**
of which payments to acquire consolidated subsidiaries, other business units and other financial assets	−420.5	−46.6
of which payments to acquire intangible assets and property, plant and equipment	−199.3	−199.1
of which proceeds from divestments	11.3	21.6
Net cash provided by/used in financing activities	**174.1**	**−735.6**
of which dividends paid to Brenntag shareholders	−208.6	−193.1
of which repayments of/proceeds from borrowings	401.3	−541.0
of which other financing activities	−18.6	−1.5
Change in cash and cash equivalents	**−45.8**	**259.3**

C.08 CASH FLOW

Net cash provided by operating activities of EUR 388.6 million was influenced by the rise in working capital of EUR 575.3 million. In the previous year, on the other hand, working capital had shown a clear decline. The figure also included cash outflows of EUR 94.0 million for exceptional expenses arising from excise duties.

Of the net cash of EUR 608.5 million used in investing activities, EUR 199.3 million comprised payments to acquire intangible assets and property, plant and equipment. In financial year 2021, payments to acquire consolidated subsidiaries and other business units primarily included the purchase price for the first tranche (67 %) of Chinese specialty distributor Zhongbai Xingye Food Technology (Beijing) Co., Ltd. based in Beijing, all operating assets and the distribution business of Matrix Chemical, LLC based in San Juan, Puerto Rico and the shares in Storm Chaser Holding Corporation (JM Swank) headquartered in North Liberty, Iowa, USA. In the first half of 2021, Brenntag had already acquired Miroven S.r.l., Comelt S.p.A. and Aquadepur S.R.L. based in northern Italy as well as ICL Packed Ltd. based in Grays, Essex, England.

Of the net cash of EUR 174.1 million provided by financing activities, EUR 498.6 million are attributable to the bond issued at the beginning of October. Besides the EUR 208.6 million dividend payment to Brenntag shareholders, the remaining cash inflows and outflows relate mainly to bank loans taken out and repaid as well as lease liabilities repaid.

FREE CASH FLOW

			Change	
in EUR m	2021	2020	abs.	in %
Operating EBITDA	1,344.6	1,057.7	286.9	27.1
Investments in non-current assets (capex)	−214.2	−201.9	−12.3	6.1
Change in working capital	−575.3	325.0	−900.3	−277.0
Principal and interest payments on lease liabilities	−130.5	−126.2	−4.3	3.4
Free cash flow	**424.6**	**1,054.6**	**−630.0**	**−59.7**

C.09 FREE CASH FLOW

The Brenntag Group's free cash flow amounted to EUR 424.6 million in financial year 2021, a decrease of 59.7 % on the previous year. This is due mainly to the rise in working capital. Thanks to our improved working capital management, we were able to increase annualized working capital turnover compared with the prior-year period. Operating EBITDA exceeded the prior-year figure by a significant margin, but failed to fully offset the decline in free cash flow from working capital. In addition, capital expenditure to expand our infrastructure was higher year on year.

Financial and Assets Position

	Dec. 31, 2021		Dec. 31, 2020	
in EUR m	abs.	in %	abs.	in %
Assets				
Current assets	**4,958.1**	**48.6**	**3,545.9**	**43.5**
Cash and cash equivalents	705.0	6.9	726.3	8.9
Trade receivables	2,290.2	22.5	1,597.5	19.6
Other receivables and assets	341.0	3.3	243.2	3.0
Inventories	1,621.9	15.9	978.9	12.0
Non-current assets	**5,237.4**	**51.4**	**4,597.6**	**56.5**
Intangible assets	3,358.8	32.9	2,937.9	36.1
Other non-current assets	1,677.0	16.5	1,550.5	19.0
Receivables and other assets	201.6	2.0	109.2	1.4
Total assets	**10,195.5**	**100.0**	**8,143.5**	**100.0**
Liabilities and equity				
Current liabilities	**3,526.1**	**34.5**	**2,093.8**	**25.7**
Provisions	187.3	1.8	64.5	0.8
Trade payables	1,802.3	17.7	1,229.8	15.1
Financial liabilities	789.4	7.7	251.7	3.1
Miscellaneous liabilities	747.1	7.3	547.8	6.7
Equity and non-current liabilities	**6,669.4**	**65.5**	**6,049.7**	**74.3**
Equity	3,995.3	39.3	3,611.6	44.4
Non-current liabilities	2,674.1	26.2	2,438.1	29.9
Provisions	329.9	3.2	318.3	3.9
Financial liabilities	1,985.9	19.5	1,814.5	22.3
Miscellaneous liabilities	358.3	3.5	305.3	3.7
Total liabilities and equity	**10,195.5**	**100.0**	**8,143.5**	**100.0**

C.10 FINANCIAL AND ASSETS POSITION

As at December 31, 2021, total assets had increased by EUR 2,052.00 million compared with the end of the previous year to EUR 10,195.5 million (Dec. 31, 2020: EUR 8,143.5 million). Cash and cash equivalents decreased by 2.9 % compared with the 2020 year-end figure to EUR 705.0 million (Dec. 31, 2020: EUR 726.3 million).

Working capital changed as follows in the reporting period:

- Trade receivables rose by 43.4% to EUR 2,290.2 million (Dec. 31, 2020: EUR 1,597.5 million).
- Inventories rose by 65.7% to EUR 1,621.9 million (Dec. 31, 2020: EUR 978.9 million).
- With the opposite effect on working capital, trade payables rose by 46.6% to EUR 1,802.3 million (Dec. 31, 2020: EUR 1,229.8 million).
- Overall, reported working capital rose to EUR 2,109.8 million (Dec. 31, 2020: EUR 1,346.6 million).

The cash portion of the change in working capital amounted to an outflow of EUR 575.3 million. At 8.3, annualized working capital turnover was well above the prior-year figure (7.3).

The Brenntag Group's intangible and other non-current assets rose by EUR 547.4 million compared with the end of the previous year to EUR 5,035.8 million (Dec. 31, 2020: EUR 4,488.4 million). The rise is due mainly to exchange rate effects (EUR 228.8 million), acquisitions (EUR 392.7 million), additions to non-current assets (EUR 214.2 million) and changes in right-of-use assets (EUR 55.4 million). Set against this were depreciation and amortization (EUR 317.3 million) and impairment losses on intangible assets (EUR 51.9 million) due to changes to our IT portfolio in the course of implementing "Project Brenntag".

Current financial liabilities increased by EUR 537.7 million to EUR 789.4 million in total (Dec. 31, 2020: EUR 251.7 million). The rise in current financial liabilities is attributable to the fact that the USD 500.0 million bond with warrant units issued by Brenntag Finance B.V. in November 2015 will mature in December 2022. Non-current financial liabilities rose by EUR 171.4 million compared with the end of the previous year to EUR 1,985.9 million (Dec. 31, 2020: EUR 1,814.5 million).

Current and non-current provisions amounted to a total of EUR 517.2 million (Dec. 31, 2020: EUR 328.8 million). The increase is due mainly to the fact that provisions of EUR 81.5 million were recognized for excise duties. Current and non-current provisions included pension provisions in the amount of EUR 183.3 million (Dec. 31, 2020: EUR 200.8 million).

ANNUAL FINANCIAL STATEMENTS OF BRENNTAG SE

Results of Operations and Financial Position of Brenntag SE

in EUR m	2021	2020
Sales	35.9	44.1
Other own work capitalized	1.1	2.7
Other operating income	110.4	82.8
Cost of materials	−22.0	−15.7
Personnel expenses	−53.9	−47.6
Amortization and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment	−34.9	−2.7
Other operating expenses	−137.6	−137.5
Net finance income	328.5	304.2
Profit before tax	**227.4**	**230.4**
Taxes on income	14.1	−8.4
Profit after tax/net income for the financial year	**241.5**	**222.0**
Appropriation to retained earnings	−17.5	−13.4
Distributable profit	**224.0**	**208.6**

C.11 BRENNTAG SE / INCOME STATEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

Sales result exclusively from sales to affiliated companies.

Other own work capitalized relates to own work performed in connection with the introduction and commissioning of software.

Other operating income rose by EUR 27.6 million to EUR 110.4 million. The rise is attributable mainly to an increase in income from foreign currency hedges and higher income from intercompany cost allocations.

Cost of materials consists solely of the cost of purchased services. The EUR 6.3 million rise in cost of materials to EUR 22.0 million is mainly the result of the expansion of IT security and higher implementation and migration costs.

The EUR 6.3 million rise in personnel expenses to EUR 53.9 million is attributable to both the increase in headcount and the rise in variable remuneration.

Both depreciation and amortization charges and write-downs were recognized in financial year 2021. Write-downs amount to a total of EUR 31.5 million and are the result of changes to our IT portfolio in the course of implementing "Project Brenntag".

As in the previous year, net finance income consists mainly of income from profits transferred by Brenntag Holding GmbH, Essen, in the amount of EUR 323.5 million (2020: EUR 299.3 million). Net interest income in the amount of EUR 5.0 million (2020: EUR 4.9 million) was driven mainly by intra-Group financing activities.

As at December 31, 2021, temporary differences – both Brenntag SE's own and those at companies in the consolidated tax group and German partnerships – give rise to a future tax receivable, as deferred tax assets exceed deferred tax liabilities. Applying the option under Section 274, para. 1, sentence 2 of the German Commercial Code, a deferred tax asset is not recognized for the excess of deferred tax assets over deferred tax liabilities in the amount of EUR 14.1 million.

In line with its function as a holding company, Brenntag SE's future results mainly depend on the receipt of dividends from companies in the Group and therefore also on the business performance of subsidiaries and decisions on dividend distributions. We expect Brenntag SE's net income for 2022 to be similar to that for the past financial year. At Brenntag, intra-Group profits are distributed taking local financing requirements and further constraints into consideration. Even if no intra-Group dividends are distributed to Brenntag SE in a financial year, there are sufficient reserves to pay an appropriate dividend to the Brenntag shareholders.

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Fixed assets	2,545.1	2,572.2
Current assets including prepaid expenses	1,424.3	1,092.0
Total assets	**3,969.4**	**3,664.2**
Equity	2,766.0	2,733.1
Provisions	82.8	75.2
Liabilities	1,120.6	855.9
Deferred tax liabilities	–	–
Total equity and liabilities	**3,969.4**	**3,664.2**

C.12 BRENNTAG SE / BALANCE SHEET IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) – CONDENSED VERSION

The fixed assets of Brenntag SE in the amount of EUR 2,545.1 million (Dec. 31, 2020: EUR 2,572.2 million) almost exclusively comprise shares in affiliated companies.

Current assets including prepaid expenses rose by EUR 332.3 million to EUR 1,424.3 million. The rise relates primarily to finance receivables due from affiliated companies, which amounted to EUR 1,250.2 million (Dec. 31, 2020: EUR 1,058.8 million).

The equity of Brenntag SE increased by EUR 32.9 million to EUR 2,766.0 million in 2021. This rise resulted from the net income for the financial year of EUR 241.5 million achieved in 2021 minus the dividend of EUR 208.6 million paid for financial year 2020.

Provisions amounted to EUR 82.6 million in total (Dec. 31, 2020: EUR 75.2 million) and consisted mainly of provisions for pensions and similar obligations and provisions for other personnel expenses. Provisions for pensions rose by EUR 5.7 million to EUR 39.5 million. Provisions for personnel expenses increased by EUR 5.4 million to EUR 26.7 million.

Liabilities of EUR 1,120.6 million (Dec. 31, 2020: EUR 855.9 million) relate mainly to financial liabilities to affiliated companies, which increased by EUR 263.9 million year on year to EUR 1,116.0 million.

The subscribed capital amounted to EUR 154.5 million in total (Dec. 31, 2020: EUR 154.5 million) and, as in the previous year, is divided into 154,500,000 no-par value registered shares.

The full annual financial statements of Brenntag SE with the unqualified auditors' report of the auditors Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungs-gesellschaft, Düsseldorf, are published in the Federal Gazette and can be ordered as an offprint from Brenntag SE.

Appropriation of Distributable Profit of Brenntag SE

The net income of Brenntag SE as at December 31, 2021 was EUR 241,510,192.98. After allowing for the transfer of EUR 17,485,192.98 to retained earnings, the distributable profit is EUR 224,025,000.00.

At the ordinary General Shareholders' Meeting on June 9, 2022, the Board of Management and the Supervisory Board will propose that the distributable profit of Brenntag SE amounting to EUR 224,025,000.00 be used to pay a dividend of EUR 1.45 per no-par value share entitled to a dividend; that is a total of EUR 224,025,000.00.

EMPLOYEES

As at December 31, 2021, Brenntag had 17,236 employees worldwide, including the 433 employees of the companies newly acquired in 2021. 90 % of the workforce work outside Germany. The total number of employees is determined on the basis of headcount, i.e. part-time employees are fully included. Excluding the new acquisitions, the total number of people employed in the Brenntag Group decreased by 434, or 2.5 %, compared with the previous year. Voluntary employee turnover was 9.3 % on average across the Group (2020: 6.1 %). Due to the skills shortage, employee turnover is on an upward trend worldwide. However, willingness to change employer declined in 2020 due to the COVID-19 pandemic and increased sharply again in the reporting period.

	Dec. 31, 2021		Dec. 31, 2020	
Headcount	**abs.**	**in %**	**abs.**	**in %**
Brenntag Essentials	10,329	59.9	10,139	58.8
Brenntag Specialties	4,534	26.3	4,760	27.6
All other Segments	2,373	13.8	2,338	13.6
Brenntag Group	**17,236**	**100.0**	**17,237**	**100.0**

C.13 EMPLOYEES PER DIVISION

All logistics functions are part of the Brenntag Essentials division in all regions except Asia Pacific (in the Asia Pacific region, they are part of the Brenntag Specialties division). To take account of this in the segment results, the other divisions are charged at the amount of the logistics services they use. The same applies to the services provided to Essentials or Specialties by Business Services. It is also important to bear in mind that not all employees have yet been allocated to a division as part of "Project Brenntag". In such cases, employee allocation was either simplified or decided based on expectations.

Brenntag's aim is to be regarded worldwide as the preferred employer in chemical distribution – both for current and for future employees. We believe that our responsibility is to offer fair terms of employment and an attractive, safe and inspiring working environment and to purposefully support our employees' personal and professional development. For this, we use a range of globally uniform programmes and measures covering talent acquisition and retention, human resources (HR) development and talent management as well as diversity, equality of opportunity and inclusion. To execute and manage our internationally uniform HR processes optimally and efficiently, we use a global HR management system.

Attracting and Retaining Talent

Brenntag makes every effort to find the right talent to fill vacancies within the Group and retain talented employees over the long term. Our aim in establishing our global employer brand, Explore Variety, is to permanently position ourselves as a global employer of choice and create a consistent, attractive and modern employer brand in all markets. As part of our homepage relaunch, our careers page was revised and now has a fresher look. Global partnerships with business networks were strengthened with a view to further increasing our visibility in the external talent market. Our employees, our strength as market leader as well as safety and variety are the cornerstones of Brenntag's identity as an employer.

Our global recruitment platform creates transparency around the myriad skills deployed at Brenntag and facilitates individual career opportunities. Our digital job portal allows applicants to search for all the vacant positions throughout Brenntag worldwide and apply directly online. Brenntag employees seeking new challenges have easy access to the global vacancies advertised through our internal HR portal.

Employee Development and Talent Management

Dedicated and highly qualified employees are extremely important to us. We therefore invest in our employees' development in a variety of ways, enabling them to keep their skills and knowledge up to date and train in their area of work or for other assignments.

Our employees are critical to our success. It is therefore essential that they perform their specialist and executive roles professionally at all levels within our organization. Our early career development measures are based on the specialization and focus of each of the functions as well as individual preferences. Through a large number of different training courses and programmes at global, regional and local level, we promote our employees' professional and management competencies, which they can then apply directly in day-to-day business.

Structured succession planning and the targeted identification and development of high-potential employees are essential tools in ensuring that key positions at Brenntag are promptly filled in line with requirements. As part of our global People Review process, management and HR specialists proactively develop strategic succession scenarios, apply a structured approach to identifying employees for vertical and horizontal career moves, and derive appropriate development options.

In our executive development activities, we pursue a global approach with the aim of identifying our future leaders, developing them in a specific manner and offering them attractive career opportunities. Besides our global development programme for junior employees at the start of their career, we also offer needs-based global development programmes for experienced high-potential employees. In addition, we have set up an executive development programme tailored to the requirements at our most senior level of management and developed in cooperation with a renowned business school.

Diversity, Equality of Opportunity and Inclusion

At Brenntag, people are our focus. Our aim is to further expand our diverse and inclusive workforce. And in order to achieve that aim, we foster an open and liberal working culture that respects and recognizes the benefits of having a variety of perspectives. We nurture our employees' talents and encourage them to come up with individual and innovative ideas and solutions, both internally and for our business partners. Because this is what we stand for: United in diversity!

Our culture of fairness, mutual appreciation and support provides the foundation for our day-to-day activities and is embedded in our core values. For us, diversity means recognizing, valuing and respecting differences. It fosters a dynamic working environment where all employees can learn from one another. Diversity is a fundamental feature of Brenntag and encompasses several dimensions, such as the differences in the cultural practices, qualifications and needs of our employees. Brenntag employs people of more than 100 different nationalities in 78 countries. We work in multinational, interdisciplinary teams all over the world. Thanks to our employees' diverse knowledge, experiences and ideas and the continuous interaction between them, they are able to constantly develop themselves and make a decisive contribution to our company's success.

We at Brenntag believe that diversity has to go hand in hand with equality of opportunity. A company that puts equity into practice recognizes the different needs, experiences and opportunities of each and every employee and addresses them individually. Brenntag's aim is to support all employees in performing to the best of their ability.

We do this by fostering an inclusive working atmosphere in which people have a sense of belonging and are able to meet without prejudice. Employee appreciation is embedded in our corporate culture.

When it comes to inclusion, Brenntag places particular emphasis on nurturing the strengths and potential of disabled employees. Building on the work of our committee for diversity and inclusion, we would like to best include people with disabilities.

In 2021, we initiated global programmes to address the different aspects of diversity, equality of opportunity and inclusion. These measures are designed to increase the proportion of women at all management levels below the Board of Management to at least 30% by 2030. In addition, we are currently working on a revised diversity management structure so as to better foster diversity and inclusion going forward. One aim here is to build further on the committee for diversity and inclusion so as to become even more effective in raising awareness of diversity and inclusion in day-to-day business at all levels of our organization.

Integrity and responsibility are two of our core values, which, like our ethical principles, guide our day-to-day activities. Brenntag works to ensure equality of opportunity for all employees and applicants. In doing so, it requires all decisions to be taken according to objective criteria. Employees are recruited, remunerated and developed solely on the basis of their qualifications and skills. Under no circumstances will Brenntag discriminate against employees, business partners or third parties. Likewise, Brenntag expects all employees to also embrace this ethical attitude and treat their colleagues equally and with respect. Brenntag does not tolerate any form of discrimination, harassment or bullying in the workplace. This is stipulated in our Code of Business Conduct and Ethics.

Remuneration and Pension Plans

We offer our employees a competitive remuneration and benefits package. Remuneration may differ depending on local market conditions, regulations and legislation.

The value-based remuneration system for the management level consists of three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The ratio of fixed to variable pay components depends on the specific manager's influence on the company's success. The variable remuneration is closely linked to personal performance and the company's results and depends on the achievement of certain targets based on specific key performance indicators. In addition to the above-mentioned remuneration components, managers receive contractually agreed benefits in kind and other benefits.

Furthermore, there are both defined benefit and defined contribution pension plans for employees of the Brenntag Group. The pension benefits differ according to the legal, tax and economic environment in the country in question and depend on the number of years of service and the pay grade of the respective employee.

QUALITY MANAGEMENT, SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION

Health, safety, environmental protection and the long-term conservation of natural resources are of key importance to Brenntag. This principle is the basis of our global QSHE strategy (QSHE: quality, safety, health and environment).

QSHE Organization

Brenntag's global business operations and our highly diversified customer and supplier structure bring a diverse range of operating conditions (legislation, cultures, industry standards and other requirements). Historically, Brenntag has therefore pursued a mainly decentralized approach to QSHE management. As part of "Project Brenntag", the QSHE organization has now also been adapted in line with the new requirements. The new position of Vice President Global QSHE has been created, for example, and direct reporting lines established from the global regions. This person, in turn, reports directly to the CEO of the Brenntag Group. The main objectives of this change are to accelerate the harmonization of the regional approaches into one global system by having a more centrally aligned QSHE organization and thus take QSHE performance overall to the next level. The different regional conditions continue to be taken into account, however.

QSHE Strategy

Below we describe the individual components of our QSHE strategy.

- **Safety policy:**
The health of our employees and the safety of our sites are an absolute priority for Brenntag. We work to continuously improve work processes and plant safety. Employees identify risks in the workplace and follow appropriate actions and behaviours to work safely.

- **Product stewardship policy:**
Brenntag takes appropriate measures to ensure the proper handling of our products while they are under the Group's stewardship. This includes procurement, packaging, classification and labelling, handling, storage and safe transportation, the preparation of product dossiers and safety instructions, and disposal, where necessary.

- **Environmental policy:**
Brenntag works continuously to minimize environmental impacts. Various measures such as investments in infrastructure, optimized work procedures and employee training are implemented with a view to identifying environmental risks early on and avoiding environment-related incidents.

- **Compliance policy:**
As a matter of course, Brenntag complies with all health, safety and environmental legal requirements, including import and export regulations as well as selling and use restrictions for chemicals in all our operations and sales organizations.

- **Quality policy:**
Brenntag ensures the quality of its products and services by implementing ISO 9001 quality management systems at regional level.

QSHE Programmes and Initiatives

The Responsible Care/Responsible Distribution (RC/RD) programme of the International Chemical Trade Association (ICTA) is of central importance to Brenntag. Accordingly, Brenntag is committed to implementing the eight guiding principles laid down in the global programme covering the following areas:

- Legal requirements
- Management of risk
- Policies and documentation
- Provision of information
- Training
- Emergency response
- Ongoing improvements
- Community interaction

Brenntag's general aim is therefore for its operating companies to take part in the Responsible Care/Responsible Distribution programmes of the local associations responsible, if such programmes exist. The implementation of the contents of the RC/RD programme is reviewed by independent experts applying the relevant regional or national assessment systems, which are determined by the associations responsible. In this way, environmental performance and the safe handling of chemicals are reviewed and documented by independent third parties. Where no RC/RD programme is offered locally, we implement the guiding principles of the global programme through internal assessments and suitable measures.

Uniform procedures for the safe handling of chemicals are established by regional QSHE coordinators and QSHE teams. These procedures are recorded and documented in regionally applicable QSHE manuals down to the level of the individual warehouse sites. Compliance with these procedures is reviewed in internal and external audits.

Training courses for our employees are of central importance for safety at work. This begins with an introduction course for new employees and continues with instructions in special work procedures and the use of equipment. The training prescribed by law and other training courses are documented at the individual warehouse sites. Electronic media such as e-learning and video clips are being increasingly included in the training programmes.

Since 2015, Brenntag has been implementing the "BEST" (Brenntag Enhanced Safety Thinking) initiative, which aims to continuously improve the safety culture throughout the Brenntag Group. Core elements include a safety behaviour standard and a regular, Group-wide employee survey based on that standard. The next survey was originally scheduled to take place in 2021. Due to the ongoing COVID-19 pandemic, however, it has been postponed until 2022. The findings of each survey are incorporated into the relevant action plans for subsequent years.

Taking into account specific regional circumstances, Brenntag has also developed several regional programmes aimed at continuously improving performance in the areas of quality, safety, health and the environment.

Accidents at work and similar occurrences are recorded and evaluated centrally according to a standardized system. Key lessons learned are communicated throughout the entire organization and included in the aforementioned QSHE manuals. In the reporting period, Brenntag introduced the TRIR (Total Recordable Injury Rate – number of work-related accidents requiring medical treatment beyond first aid per one million hours worked) as the Group's key accident rate. Widely used by large international companies, this metric therefore replaces the LTIR (Lost Time Injury Rate) used previously. Brenntag's policy of continually improving equipment, processes and the safety culture enabled a further reduction in the number of reportable industrial accidents. As a result, the Group accident rate also improved, from 3.2 in 2020 to 3.1 in 2021. This is the best rate that Brenntag has ever achieved.

In financial year 2021, the COVID-19 pandemic once again had a major impact on activities at Brenntag in a number of respects. In the area of health protection, this was particularly true of the measures taken to effectively prevent both our own employees and those of our business partners from becoming infected. Very early on at the beginning of the pandemic, emergency task forces were set up at various levels. These task forces have since been exchanging experiences and coordinating measures. By putting in place procedures that are harmonized yet tailored to local requirements, Brenntag has implemented effective infection prevention systems. One typical measure to prevent infection is to enable mobile working from home wherever this is possible and as soon as authorities recommend it. In addition, each site has implemented appropriate hygiene protocols. These comprise standard measures such as providing sanitizer in suitable places, rules on wearing face coverings, regularly disinfecting surfaces and similar actions. However, protocols may also include working in shifts, for example, or ensuring that employees from different areas of work are strictly separated. We think that vaccinations are a key to overcoming the pandemic. The management encourages its employees to get vaccinated and expressly endorses this during working hours. Brenntag also actively supports vaccination campaigns where possible and useful. At sites in Germany, for example, voluntary employee vaccinations were administered by the company medical service.

Together with independent environmental experts, Brenntag continuously records and evaluates the environmental risks at each site, including historical data, which among other things allows conclusions to be drawn about possible contamination. This information is collated in an environmental database which also serves as a basis for determining environmental provisions and as a tool for organizing necessary environmental remediation work. 107 Brenntag sites are certified to international standard ISO 14001 for environmental management systems.

Data that are necessary for the safe handling of our products during storage, transport and within the delivery chain are stored in central databases at Brenntag. The data are thus available to most of the Group. More companies are continuously being connected to these central databases. This makes it possible, for example, to implement all amendments to European laws simultaneously in all countries and make them accessible to the staff. This is therefore an important prerequisite for efficient and systematic chemical management.

As a chemical distributor, Brenntag generally operates in a complex regulatory environment. In Europe, for example, this includes the REACH regulation and the Biocidal Product Regulation enacted by the European Union. Transnational teams of experts, consisting of a network of experienced QSHE and regulatory specialists, are deployed to ensure that operating and business processes are in compliance with the regulations. Working closely with the management on the sourcing and sales side, they make sure that Brenntag meets all of the numerous regulatory requirements professionally and efficiently.

The basis of quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. By December 31, 2021, 95% of the relevant operating sites had introduced quality management systems certified to this standard. Further industry- or product-specific quality management systems are deployed where necessary.

More detailed information on quality management, safety, health and environmental protection is published in the annual sustainability report. The sustainability report for financial year 2021 will appear in April 2022.

REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

Report on Expected Developments

In 2022, we expect the global economy to continue to be severely impacted by exceptional influencing factors that cannot be reliably forecast, such as the COVID-19 pandemic, current geopolitical developments, pressure on global supply chains, inflationary tendencies and price volatility. This is resulting in a still greater-than-average degree of uncertainty over growth expectations for the global economy in 2022. We do not expect the situation to normalize until the second half of 2022. Oxford Economics currently predicts that the global economy, measured in terms of industrial production (IP), will deliver a positive performance in 2022. Weighted by the sales generated by Brenntag in the individual countries, this results in a forecast average real IP growth rate of 3.6% in 2022.

At the beginning of 2021, the Brenntag Group's new operating model came into effect, under which we report our results for the Group by way of our two new divisions, Brenntag Essentials and Brenntag Specialties. In 2022, we expect "Project Brenntag" to make further positive contributions to earnings.

At the level of the Brenntag Group, operating EBITDA is still the key performance indicator. In light of the continuing economic uncertainty, we expect the Brenntag Group's operating EBITDA for financial year 2022 to be between EUR 1,450 million and EUR 1,550 million. This includes the potential efficiency improvement anticipated in the course of implementing the measures under "Project Brenntag". We will provide continuous information on the progress of the individual measures. Our forecast takes into account the contributions to earnings from acquisitions already closed and assumes that exchange rates will remain stable.

After our Brenntag Essentials and Brenntag Specialties divisions established themselves very well in 2021, we anticipate that both will contribute to the growth in operating EBITDA in 2022, with the growth rate at Brenntag Specialties expected to be above the growth rate in the Brenntag Essentials division.

The forecast increase in operating EBITDA is slightly higher than the expected growth in operating gross profit due primarily to efficiency improvements to be achieved through "Project Brenntag" and planned professionalization measures in our central functions. We anticipate that both of the new divisions will contribute to the increase in the Group's operating gross profit, with the growth rate at Brenntag Specialties expected to be above the growth rate of Brenntag Essentials.

The necessary expenses for "Project Brenntag" are eliminated from operating EBITDA and reported separately.

After we were able to establish our working capital turnover at a very high level in the past financial year, we expect to achieve a slight improvement in working capital turnover compared with the reported averages for the past financial year. In 2022, we expect a further increase in working capital due to the planned business activity; we are assuming here that less dynamic price trends in the global chemicals markets will be reflected in a smaller increase in working capital compared with the past financial year.

We are planning capital expenditure of around EUR 290 million in financial year 2022. Among other things on "Project Brenntag" for example, we are optimizing our global site network in order to close gaps in our network, leverage economies of scale, establish new central hubs as growth drivers and make improvements at existing sites.

Overall, and assuming that exchange rates remain stable, we anticipate that free cash flow in 2022 will be significantly higher year on year due primarily to a lower cash outflow as a result of the increase in working capital. Therefore, we once again expect a high free cash flow that will enable us to continue to ensure our acquisition strategy and dividend policy and, at the same time, maintain liquidity at an adequate level.

Description of the Internal Control/ Risk Management System

The aim of risk management is to identify, monitor and mitigate emerging risks at an early stage or to prevent them completely. Therefore, our risk management system consists of risk reporting (an early detection system), controlling and an internal monitoring system as well as individual measures to identify risks at an early stage and limit any known risks. The planning, controlling and reporting processes of the Brenntag Group are integral parts of the risk management systems of all operational and legal units as well as the central functions.

RISK REPORTING (EARLY DETECTION SYSTEM)

We continually identify and analyze risks at the Group companies and constantly improve internal workflows and the IT systems used throughout the Group.

Responsibility for risks lies initially with the legal units in the Brenntag Group. This includes identifying risks and estimating their effects. It must also be ensured that there are suitable measures in place to reduce risks.

The risk inventories performed and documented every six months at our Group companies and at the highest Group level are an important tool for global risk management. In addition, all units have been instructed to immediately report any significant risks suddenly occurring (ad hoc reporting) to Group headquarters.

The risk inventories gather estimations on existing risks. Standardized risk catalogues giving examples of the typical risks for the Brenntag Group are used as a system for gathering this information. In doing so, thematically related risks are grouped into risk categories. Any risks which are identified are assessed with regard to the possible extent of damage and their probability of occurrence, in each case on a five-level scale.

First, the gross risk is assessed. The gross risk is the maximum damage if no counteraction is taken. If a risk can be reliably counteracted by effective action, these measures have to be shown in risk profiles and assessed with regard to their effectiveness. The residual risk (net risk) is then the gross risk less the effect of measures taken to reduce the risk.

We classify net risks as “high”, “medium” or “low” according to their estimated probability of occurrence and the possible extent of damage, i.e. the negative impact on the results of operations and financial position and our cash flow, which gives the following risk matrix:

Possible extent of damage		Probability of occurrence				
		Highly improbable	Improbable	Possible	Probable	Highly probable
Qualitative	in EUR m	(< 6%)	(6–15%)	(16–30%)	(31–70%)	(> 70%)
Critical	> 800	**Medium**	**Medium**	**High**	**High**	**High**
High	> 400–800	**Medium**	**Medium**	**Medium**	**High**	**High**
Medium	> 200–400	**Low**	**Medium**	**Medium**	**Medium**	**High**
Low	> 65–200	**Low**	**Low**	**Medium**	**Medium**	**Medium**
Insignificant	≤ 65	**Low**	**Low**	**Low**	**Medium**	**Medium**

C.14 RISK ASSESSMENT MATRIX

The individual risks reported are consolidated at regional level and for the Group and then presented to the Board of Management. Risk reporting covers risks only, not opportunities. The estimate of the risks per risk category and the opportunities and risks are explained in detail in the chapter “Report on Opportunities and Risks”.

The process for systematically identifying and assessing risks for the Group companies is regularly audited by the Corporate Internal Audit department. In addition, the statutory auditor, as an independent, external party, assesses the general suitability of the risk early detection system in the course of its audit of the annual financial statements.

CONTROLLING

Our Corporate Controlling department immediately processes the information gained from the monthly and quarterly reports and can thus identify and communicate risks and opportunities. This also includes an analysis of the reasons for any deviations from planned figures. On the basis of any identified deviations from planned figures, the Corporate Controlling department regularly examines the achievability of targets in forecasts, indicating the associated opportunities and risks. The financial performance indicators examined are mainly those described in the chapter “Financial Management System”, above all operating EBITDA.

The continuous evaluation of opportunity and risk potential in all segments is also an elementary part of our strategy, which is described in detail in the chapter “Vision, Objectives and Strategy”. As part of our regular strategy development, we analyze the market opportunity and risk situation in each Brenntag segment and, on this basis, establish goals and value-enhancing measures designed to mitigate risks and exploit opportunities. Finally, the situation analysis and business operation plans are regularly reviewed in discussions on business performance.

INTERNAL MONITORING SYSTEM

Another important part of risk management in the Brenntag Group is the internal monitoring system consisting of the organizational security measures, internal controls and internal audit.

The internal control system comprises all central and decentralized policies and regulations adopted by the Board of Management and the regional and local management teams with the aim of ensuring

- the effectiveness and efficiency of the workflows and processes,
- the completeness, correctness and reliability of internal and external financial reporting as well as
- the Group-wide observance of applicable laws and regulations (compliance).

Both the efficiency of the workflows and processes and the effectiveness of the internal control systems set up in the decentralized units as well as the reliability of the systems used are regularly examined by the Corporate Internal Audit department. The results of these audits are reported immediately. Thus, we ensure that the Board of Management is kept continuously informed of any weaknesses and any resulting risks, along with the appropriate recommendations to eliminate the weaknesses.

INTERNAL CONTROL SYSTEM RELATED TO THE (GROUP) ACCOUNTING PROCESS (REPORT IN ACCORDANCE WITH SECTION 289, PARA. 4 AND SECTION 315, PARA. 4 OF THE GERMAN COMMERCIAL CODE (HGB))

The Group accounting process is managed by the Corporate Accounting department. A major element of the internal control system related to the (Group) accounting process is an IFRS accounting manual applicable throughout the Group which specifies accounting and measurement policies for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by the use of uniform, standardized reporting and consolidation software (SAP SEM-BCS) containing comprehensive testing and validation routines. The services of external experts are used for special areas of accounting, e.g. the annual goodwill impairment test as well as environmental and pension actuarial reports to determine the relevant provisions.

In addition, there are other Group-wide guidelines which have concrete effects on accounting, above all the “Internal Control Guideline”, which contains requirements on the performance of monitoring routines as well as the separation of functions, the dual control principle and access authorizations, the “Transfer Pricing Guideline” as well as the “Finance Guideline”.

The Corporate Internal Audit department regularly checks compliance with these Group guidelines at our subsidiaries.

Furthermore, the 2021 quarterly financial statements were reviewed by our statutory auditors.

Report on Opportunities and Risks

Our strategy is geared to steadily improving the efficiency and underlying profitability of our business. The Brenntag Group companies are exposed to a number of risks arising from their business activities in the field of chemical distribution and related areas. At the same time, these business activities also give rise to numerous opportunities to safeguard and nurture the company's competitiveness and growth.

Projects, in particular the strategic initiatives (see the "Vision, Objectives and Strategy" section), are regularly implemented to maintain and strengthen the Group's profitability. These projects mainly focus on developing opportunities to increase operating gross profit but also on cost optimization.

To limit or entirely eliminate possible financial consequences of risks that may occur, we have, insofar as is possible, taken out appropriate insurance for the size of our businesses to cover damage and liability risks.

In the following, we describe risks and opportunities which could influence the business performance, financial position and results of operations of the Brenntag Group. We have systematically grouped together similar, organizationally or functionally related risks in risk categories. The estimates made per risk category relate to the net risk. Unless stated otherwise or obvious from the context, the following statements on risks and opportunities refer to all our segments.

As part of Group risk management, we also analyze environmental, social and governance-related (ESG) aspects, such as environmental matters, employee matters, human rights, anti-corruption and bribery matters and the risks related to those matters. The risks are transferred into the non-financial report in accordance with the German act transposing the EU CSR Directive into German law (Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports (CSR-Richtlinie-Umsetzungsgesetz)) if risks have a severe, negative impact on the environment and society and it is highly probable that they will occur.

Overview of the corporate risks for financial year 2021:

Risk category	Possible extent of damage	Probability of occurrence	**Overall risk**
Economic environment and political stability	Medium	Probable	**Medium**
Market risks	High	Possible	**Medium**
Operational risks	Medium	Possible	**Medium**
Financial risks	Medium	Possible	**Medium**
Health, safety, environmental protection and quality management	High	Possible	**Medium**
IT risks	Medium	Possible	**Medium**
Personnel risks	Medium	Possible	**Medium**
Acquisition risks	Medium	Possible	**Medium**
Compliance risks	High	Possible	**Medium**
Legal risks	Medium	Possible	**Medium**

C.15 OVERVIEW OF CORPORATE RISKS

- **Economic environment and political stability:**
Due to the international nature of our business, we are exposed to a number of economic, political and other risks and cannot entirely rule out the possibility that negative developments in individual regions or countries might damage our business or financial position. For example, natural disasters, pandemics or the instability of the economic and political situation in regions or countries in which Brenntag operates may have a negative impact on our business and our operating result. Countries and regions with an unstable economic and political situation are often emerging markets, which offer great opportunities due to above-average growth. Overall, the international nature of our business balances out the risks. Moreover, we conduct a large percentage of our business in stable economies.

Economic downturns may have a negative impact on the sales and operating gross profit of our company. In addition to sales risks arising from high unemployment in certain countries and high levels of public debt, a pronounced economic downturn in Europe or China in particular, an increase in protectionist tendencies and the possible escalation of geopolitical tensions may lead to falling demand. At present, we are monitoring the current situation and developments in both Ukraine and Russia very closely and regularly conduct a risk assessment on this basis. We are in constant dialogue with our customers and supply partners in the region, which also enables us to identify any impact on our business and supply chains at an early stage and act accordingly. In a recession, lower profitability on the part of our customers could lead to higher bad debt losses, for which credit insurance cover could hardly be obtained due to the economic environment. However, the high level of diversification of our business by geography, customer industries, suppliers, products and customers provides high resilience.

The COVID-19 pandemic continues to pose risks to regional and global economic performance. Due to its broad geographical footprint and close supplier relationships, Brenntag has so far coped with the pandemic's risks relatively well. In particular, new variants of the virus have a considerable impact on infections and make it difficult to issue precise forecasts for global business performance. The latest variant of the virus, Omicron, has now displaced the Delta variant, causing case numbers to rise sharply again due to an increased risk of infection. As a result, our business performance remains uncertain. The key deciding factors will be how long the pandemic lasts, how fast the affected economies can recover and how swiftly production and supply chains can be re-established in the event of disruption. In the past, we benefited especially from being diversified in terms of our product portfolio and our global supplier and customer relationships. During difficult periods, they provided natural protection against local infection hot spots. Our network therefore formed the basis for containing the pandemic's risks to our day-to-day operations. Nevertheless, we see a strain on global supply chains and thus the risk of further increases in raw materials prices as well as the risk that these additional costs cannot be passed on to customers. In order to ensure a supply of raw materials at the best possible price, we continuously analyze our supply chains and occasionally stockpile inventories as a safety cushion. This, in turn, raises the risk that, if the situation in the raw materials market were to ease, our inventories would be too expensive and we would have to sell at less than their value. At the same time, our customers could start substituting our products with cheaper alternatives.

Besides the risks along the supply chain, we also face risks in administration and marketing. Important trade fairs and other in-person events cannot take place at present. Our aim of tapping new markets and attracting new customers is hampered by the lack of visibility. We are currently trying to close some of the distance to our customers and suppliers through transitional solutions such as virtual trade fairs and meetings. Nevertheless, we believe that the lack of physical presence will be a central challenge in achieving our goals going forward. We continuously analyze all risks relevant to our business and promptly take all the necessary and possible measures to counter them.

Following a transition period, a partnership agreement negotiated between the European Union and the United Kingdom provisionally entered into effect on January 1, 2021. Now that the UK has left the EU single market and customs union, Brexit has finally been completed. However, the precise interpretation of the coming customs regulations is still being worked out, meaning that the risk of delays to goods imports/exports will remain. The UK is currently suffering a severe shortage of drivers and therefore lacking the necessary transport capacity. The Road Haulage Association estimates that the country is short of around 100,000 long-distance drivers due to poor terms and conditions, working conditions and increased costs as a result of Brexit-related checks. In future, businesses must therefore expect higher transport costs that cannot be fully passed on to customers.

On the sales side, we see opportunities and risks arising from political measures, more specifically in tighter standards and increasing regulation such as the EU chemicals regulation REACH and the EU Chemicals Strategy for Sustainability (CSS). Based on our global expertise and broad portfolio of products and services, we are superbly positioned to be able to serve our customers' requirements at all times.

- **Market risks and opportunities:**

Brenntag's strategic development is geared to the current global, regional and local market growth drivers.

Since the beginning of 2021, we have been managing our business through two global segments with an even stronger focus on customer and supplier needs: Brenntag Essentials and Brenntag Specialties. Based on this, we see major sales opportunities of strategic significance for Brenntag in the flexible and efficient marketing of process chemicals and in the large, globally relevant focus industries on which Brenntag Specialties concentrates, namely Nutrition, Pharma, Personal Care/HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. In addition, our global network and our comprehensive portfolio of products and services place us in a unique position to meet our customers' increasing requirements for pan-regional and global end-to-end solutions. The growing demand for customer-specific solutions, blending and services and alternative sales channels also open up further growth opportunities. The focus here is shifting to global interaction and the opportunity to learn from one another as part of the best practice approach, both of which are therefore important sources of potential for future success.

As an international Group, we see opportunities in all our regional markets to extend our market lead. The continuous expansion of our geographic presence in emerging markets, particularly in the Asia Pacific region, offers above-average growth opportunities. We will continue to optimally exploit the opportunities presented by company acquisitions and the active consolidation of the fragmented chemical distribution market. We see opportunities in the increasing level of digitalization, which we are addressing and implementing in all lines of business through a holistic approach.

In terms of product sourcing, our operating model enables us to achieve economies of scale. The optimization of our local product portfolios through sales partnership agreements with chemical producers for new products or product categories offers further potential. In addition, we aim to continue to actively realize the potential that arises as a result of chemical producers outsourcing supply chain and sales activities. Our global distribution network and the experienced professional organization at all levels of the Brenntag Group are key elements for tapping this potential.

Additional opportunities arise from the systematic implementation of our strategy and of "Project Brenntag" in particular (for further information, please see the section "Vision, Objectives and Strategy"). At local level, we create the right conditions through our operating activities to effectively and efficiently exploit the opportunities which the markets offer.

In some local markets we serve, we face growing competition from other chemical distributors. This stronger competition, which is partly due to the increasing pan-regional activities and consolidation among our competitors as well as the development of new sales channels, some of them digital, is a risk that might negatively impact our sales and earnings. Therefore, we continually work to improve our portfolio of products and services. Our local business might also be impacted by customers relocating to low-cost countries. However, we see our extensive global presence as a key factor in balancing out these local risks.

As far as possible, we offset the sourcing risk related to the supply of strategically important raw materials through long-term contracts and/or partnerships with different suppliers and alternative supply sources. However, the purchase prices can vary considerably depending on the market situation and impact our cost structures. To safeguard our competitiveness, we counteract these risks by adjusting sales prices, through international procurement and through strict cost management.

As a result of our transformation programme, “Project Brenntag”, we are undergoing a process of focused adaptation and change. If we are unable to implement the content and/or meet the schedule as planned, or if our plans are not well received by the market, this could impact negatively on our business relationships with customers and suppliers as well as on the status of our business and our results of operations. In addition, the focus on transformation measures may result in inefficiencies in day-to-day operations and the change process in unplanned employee departures. We are countering these risks arising from the transformation programme through a targeted and comprehensive process of risk and change management, project management and project monitoring.

We counteract the risk arising from future market developments by constantly monitoring our markets and competitors as well as by holding regular strategy meetings.

- **Operational risks:**

Our business is exposed to operational risks.

As a chemical distributor, Brenntag is exposed to the risk of interruptions to business, quality problems or unexpected technical difficulties, for example as a result of the incorrect handling of chemicals or machinery and equipment on site and during transportation. Disruptions and outages at our warehouse sites or during transportation may lead to delivery delays and falling sales revenues. We counter this risk through extensive safety measures at our sites and regionally standardized quality and safety manuals, by specifically training our employees in how to handle chemicals correctly and through safety campaigns across our sites. In addition, Brenntag has taken out appropriate business interruption insurance for sites where any disruption might pose the threat of interruptions to business due to the local geographical site structure and/or portfolio structure, as well as increased cost of working cover for all sites.

Risks may arise if the products purchased and delivered to customers do not meet the specified and agreed quality or if, in specific cases, their sale is subject to restrictions. The distribution of certain products (such as minerals) may result in particular liability risks. However, there are procedures in place providing a good level of assurance that products are procured from reliable sources, are of appropriate quality and are sold on in accordance with the law.

- **Financial risks and opportunities:**

Our business is generally exposed to exchange rate, interest rate, credit and price risks.

Due to the fact that we operate in countries with different currencies, changes in exchange rates may have positive or negative translation effects on the results of the Group. In particular, any change in the euro/US dollar exchange rate may have a substantial impact as a large proportion of our business is conducted in the US dollar area. We have decided not to hedge exchange rate differences resulting from the translation of financial statements of subsidiaries whose functional currency is not the euro (translation risks). On the other hand, transaction exposures resulting from the translation of foreign currency receivables and liabilities into the functional currency of a subsidiary are hedged where it makes economic sense to do so. This is based on a Group-wide Finance Guideline that sets out basic requirements and objectives, threshold values and hedging instruments to be used. The Finance Guideline requires Group companies to offset the risks of open net foreign currency exposure using suitable instruments such as forward and swap contracts or to keep them within certain limits. Any exceptions exceeding the above limits must be agreed on a case-by-case basis with the Treasury department.

Unfavourable political developments and financial policy decisions in specific countries may have a particularly negative impact in this context.

The UK’s withdrawal from the EU (Brexit) has not yet shown any significant impact, but future financial effects cannot be ruled out.

We limit risks for our cash investments by only doing business with banks and business partners with credit ratings we consider to be strong. Payments are also handled through such banks. The credit facility under the syndicated loan is made available by a large number of international banks, meaning that availability is ensured through high diversity. Uncollectibility risk is reduced by continually monitoring our customers’ credit ratings and payment behaviour and setting appropriate credit limits. The risk is limited by the large number of customers the company has in different countries; even the largest key account customer accounts for less than 2% of Group sales. In some cases, credit insurance is also taken out in order to limit risks. The very strong currency depreciation in Turkey since the middle of 2021 could cause customers to default on payments. To counter this risk, valuation allowances were recognized on the receivables in Turkey.

The Brenntag Group is partly financed with debt capital. We are confident that our loan agreements, credit lines, the bonds issued and liquid funds available are adequate to cover the future liquidity needs of our Group, even if requirements should increase unexpectedly. Like comparable loan agreements, our syndicated loan contains a number of customary affirmative and negative covenants. In particular, we have undertaken to comply with a leverage ceiling (the ratio of net debt to EBITDA). This metric is determined in accordance with the definitions in the loan agreement, which are not the same as the corresponding terms used in the consolidated financial statements. The leverage ceiling has, in our opinion, been established so that it would require a very unusual business development for Brenntag not to be able to meet it. Compliance with the covenant is checked on a regular basis and confirmed to the lenders every quarter. If there are any indications of unfavourable developments with respect to compliance, scenario calculations are made in order to be able to take suitable action at an early stage if necessary. On the basis of the latest calculation of leverage and with a view to the key mid-term planning figures, there is no indication that compliance with the ceiling may be jeopardized. In the event that this covenant is breached, the facility agent appointed by the lenders may call in the loans if he deems this move necessary to safeguard the lenders' interests. As the Group's main financing instruments (syndicated loan and two bonds) all contain so-called cross-default clauses, any breach of contract or calling due of outstanding amounts in respect to one financing instrument could also have a negative impact on the others.

The terms and conditions of the financing instruments are also influenced by the Group's credit rating. A change in the rating that the international rating agencies Standard & Poor's and Moody's assign to Brenntag may impact on the Group's financing terms. The rating may have a positive or a negative impact. Both rating agencies continue to assign an investment grade rating, thereby confirming Brenntag's high credit standing. Moody's currently rates Brenntag at "Baa2" with a stable outlook, while Standard & Poor's has given Brenntag a rating of "BBB" with a positive outlook.

Some of Brenntag's financing is based on variable interest rates which are subject to fluctuations in market interest rates. This means that Brenntag has both the opportunity to participate in falling market interest rates but also the risk of incurring higher interest cost as a result of rising market interest rates. The split between variable and fixed interest rates is determined as part of interest risk management. Derivative instruments such as foreign exchange forwards, interest rate and currency swaps or combined instruments may be used to hedge risks from our financing. Interest rate-related financial risks are mainly managed by the Treasury department at Group headquarters. If individual companies hedge financial risks from operating activities themselves, this is done in consultation with and under the supervision of Group headquarters. This permits a balancing of risks throughout the Group. Further information on financial risks can be found in the section "Reporting of Financial Instruments" in the notes to the consolidated financial statements.

The Brenntag Group has obligations to current and former employees as a result of pension commitments. Some of the pension obligations are covered by plan assets. The plan assets are subject to capital market risks, as a portion of them is invested in funds and equities. Any changes in relevant inputs, such as an increase in life expectancy or salaries, may lead to higher cash outflows and higher present values of the defined benefit obligation. To some extent regionally, contributions are also paid into defined benefit pension plans maintained by more than one employer (termed multi-employer plans). If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers. For a detailed description of the risks arising from pension obligations, please refer to the notes to the consolidated financial statements (Consolidated income statement disclosures, 25. Provisions for pensions and other post-employment benefits).

- **Quality management, safety, health and environmental protection:**

We counter the risks arising from the distribution of chemicals by maintaining a high standard of safety precautions at our sites and – where necessary – improving them. The monitoring of environmental, health and safety risks is part of the ESG strategy and mandated by uniform Group requirements set out in regional manuals (on safety, health and environmental protection). Furthermore, we regularly inform our employees and customers about how to handle chemicals safely and about emergency procedures in the event of accidents.

Brenntag has for many years taken part in the Responsible Care/Responsible Distribution (RC/RD) programme of the International Chemical Trade Association (ICTA) and implements the guiding principles established globally, which also include guiding principles for risk management. The guiding principles of the RC/RD programme have been incorporated into our QSHE management plans and thus make a significant contribution to the safe handling of chemical products and therefore the protection of soil, air and water as well as occupational and process safety within our company. Compliance with the guiding principles is reviewed and documented by external experts. You can find further information in the section “QSHE Programmes and Initiatives”.

The handling and distribution of chemicals are governed by a large number of regulations and laws. Changes to this regulatory framework (e.g. restrictions or new requirements) are continually monitored and integrated into our management system so as to ensure compliance with current and proven industry standards. Here too, we see ourselves in a good position due to our scale, the central systems we have in place and our expertise.

Environmental and climate protection has always played an important role at Brenntag. Our goal worldwide is to conserve resources, make optimum use of them and minimize the impact of our business activities on soil, water and air. Climate change may give rise to a range of different risks for Brenntag, but also to opportunities for the company. Brenntag has sites all over the world and we must increasingly expect acute risks as a result of extreme weather events such as hurricanes and flooding. Sites at risk prepare for such weather conditions by taking advance action to remove mainly critical products and sensitive equipment from storage areas that are particularly under threat or to secure those products and equipment. Plans are drawn up as to how our customers will be supplied from other sites in the Brenntag network should sites be temporarily out of operation following such events. In addition, the global fight against climate change will lead to structural, regulatory and technological changes in the market on the one hand, but also to increased costs as a result of preventive technologies or government carbon taxes on the other.

Reducing CO_2 emissions to net zero by 2045 is one of our ESG targets by which we aim to contribute to climate protection and fulfil our responsibility. In addition, the sustainability component will be an important management metric for our product portfolio in future so that we are well positioned with regard to the aforementioned market changes. Our leading role in the value chain as a distributor that connects numerous chemical and ingredients manufacturers with a large number of users allows us to leverage the resulting opportunities particularly quickly. In addition to greenhouse gas emissions, our business activities mean that we are also responsible for consuming water, electricity and various different fuels as well as for causing waste and wastewater. As a chemical distributor, we also supply products that may cause environmental damage if we do not handle them with the necessary care. Brenntag takes suitable measures to ensure that products are handled in accordance with requirements at all levels on which the Group operates. Besides procurement, packing, labelling, handling, storage and safe transportation, this also includes producing product documents and safety instructions and, where necessary, waste disposal.

- **IT risks and opportunities:**

IT risks arise, on the one hand, from the dependence of our business processes and the increasing networking of our systems and, on the other, from external IT security risks, such as the increasing threat posed by cyber-crime (e.g. data manipulation and theft through hacker attacks). This can include networks failing and data being stolen, falsified or destroyed due to operating and program errors or external influences. We counteract these risks by training our employees, continually investing in hardware and software, constantly updating our systems and using virus scanners, firewall systems, data backup mechanisms as well as access and authorization checks. These measures are monitored using Group-wide IT security standards. On the other hand, the increasing use of IT offers efficiency gains in operating workflows and in improved communications with customers and suppliers. The IT-supported handling of our business processes also generally improves the quality and reliability of internal controls.

Brenntag is constantly investing in the further development, adaptation and security of the software it uses, and in particular in ERP systems and digitalization. This opens up opportunities to better support business processes. On the other hand, the development processes and possible changes in requirements over time give rise to risks, which we counter through constant monitoring and, if necessary, by amending implementation plans.

- **Personnel risks and opportunities:**

Personnel risks result mainly from the steadily increasing skills shortage, particularly in sales and logistics, as a result of which Brenntag may lose high performers and staff in key positions or be unable to find a sufficient number of qualified staff to fill vacancies within the Group. Brenntag counters these risks by positioning itself globally as the preferred employer in chemical distribution and fostering long-term employee retention. It also limits these risks through Brenntag's global employer brand, Explore Variety, and through globally uniform programmes and measures that allow the Brenntag companies to take into account country-specific legislation and circumstances. Information on our HR strategies and tools is provided in the section "Employees". The transformation programme "Project Brenntag" could increase the risk of unplanned employee departures, especially among high performers. We are countering this risk through systematic change management and by providing regular and transparent information on the course of the transformation project. To ensure that our employees enthusiastically accept the change process, we are implementing targeted measures such as employee surveys on "Project Brenntag". Combining these with other early warning indicators, we are able to promptly identify possible changes in our employees' attachment to the company and initiate appropriate management measures where necessary.

- **Acquisition risks and opportunities:**

In the Brenntag Group, every decision to acquire is linked to minimum requirements on the internal rate of return of the particular investment. The company valuations incorporating the findings of due diligence work performed are of central importance in acquisitions. Therefore, we systematically record all significant risks and opportunities and determine an appropriate purchase price. Company acquisitions always involve risks surrounding the integration of employees and business operations. We strive to limit these risks with adequate transaction structures, by conducting opportunity and risk analyses at an early stage in the approval process, with the support of external consultants and with specific contract structures (e.g. incentive, warranty and retention clauses). In the past, M&A activities focused on Europe, North America and Asia. In the case of acquisitions in emerging markets such as Asia, Latin America and Eastern Europe, relatively high purchase prices coupled with higher risks (e.g. compliance risks, higher working capital funding requirements, integration risks, foreign currency risks) are typical of target companies in these countries. However, there are also considerably greater opportunities in these countries owing to the higher growth rates.

- **Compliance risks:**

Compliance involves conducting business in accordance with the relevant regulations. Any form of corruption or bribery is forbidden at Brenntag. The binding rules requiring all employees to treat one another and our business partners fairly are set out in the Code of Business Conduct. In this respect, risks may result from the failure to observe the relevant rules. Our Code of Business Conduct is binding on all employees throughout the Group worldwide. Our employees are required to comply with the Code of Business Conduct, familiarize themselves with its content and take part in relevant training.

One focus of compliance activities at Brenntag is monitoring antitrust compliance and preventing bribery and corruption. Employees are made aware of and given extensive training on these topics mainly by rolling out e-learning programmes globally.

The currently heterogeneous IT infrastructure in the Group represents a particular challenge for the increasing compliance requirements.

As the global market leader in chemical distribution, and as a company with operations worldwide, we conduct business with customers in countries that are subject to export control regulations, embargoes, sanctions and other types of trade restriction imposed by the USA, the EU or other countries or organizations. Brenntag must comply with all foreign trade and customs laws applicable in the countries, such as restrictions on exports or imports of particular goods, services and technologies to or from countries subject to sanctions or embargoes. The same applies to deliveries to or from companies or persons on sanction lists. In addition, Brenntag employees must comply with all applicable trade restrictions resulting from international embargoes, which typically restrict or prohibit payment and capital transactions with particular countries. Brenntag fulfils this obligation in part by using an automated, IT-based screening solution. With the help of a special software application, we regularly check our customers and suppliers against the sanction lists issued by the United Nations, the European Union, the USA and various other countries in which Brenntag operates. The aim is to identify sanctioned companies and comply with various sanctions provisions.

Brenntag takes care to ensure human rights compliance along its value chain. Human rights compliance is reviewed in the course of supplier assessments and audits, which are carried out systematically via an assessment portal of an established provider of sustainability assessments.

As a company with operations worldwide, Brenntag is subject to laws and regulations relating to data protection. Breaches of data protection regulations may lead to substantial penalties and fines. Furthermore, the disclosure of data protection breaches could lead to substantial reputational damage and a loss of trust. To mitigate these risks, we have introduced a global data protection guideline. In addition, our central data protection department and local data protection coordinators continuously monitor data protection compliance. Employees are made aware of and given extensive training on data protection mainly through an e-learning programme.

- **Legal risks:**

Brenntag SE and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with their activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding alleged wrongdoings with the assistance of in-house and external counsel.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. In December 2020, the court imposed a fine of EUR 47 million. Brenntag has lodged an appeal against the decision. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. Based on current knowledge, Brenntag assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

An ERISA (Employment Retirement Income Security Act) class action lawsuit has been filed against Brenntag North America et al. in connection with the management of the company's 401(k)-Plan. A settlement was reached, bringing the proceedings to a close.

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

The German Group companies Brenntag GmbH and BCD Chemie GmbH are currently the subject of routine reviews of the tax on alcohol and energy being conducted by the German customs authorities for the years 2014 to 2018. Brenntag is cooperating with the customs authorities. In May 2021, Brenntag GmbH received a tax decision notice in the amount of EUR 63.1 million following the completion of the review for 2016. In addition, in December 2021, decisions were issued for BCD Chemie GmbH for 2014 and 2015 in the amount of EUR 30.9 million. Although our legal opinion differs from the opinion of the authority, we recognized this amount in the balance sheet as a precaution in the first and fourth quarters and made the payments in the second and fourth quarters of 2021. Brenntag GmbH and BCD Chemie GmbH have sought legal redress against these decisions. The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. We believe that, in most cases, we will be successful in seeking legal redress. The authorities are continuing their reviews of BCD Chemie GmbH for 2016 to 2017 and of Brenntag GmbH for 2017 to 2018. Also considering the above-mentioned appeal, it is not possible at present to conclusively predict whether further tax assessments will be made. The companies have taken the precaution of recognizing a total of EUR 81.5 million in the balance sheet for the outstanding years under review. With the support of external experts on excise duties, Brenntag is currently examining the extent to which comparable excise duty risks also exist in other European countries and will implement any organizational changes necessary without delay.

Given the number of legal disputes and other proceedings that Brenntag is involved in, it is possible that a ruling may be made against Brenntag in some of these proceedings. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its net assets, financial position and results of operations to be materially affected.

Summary of the Opportunities and Risk Situation

During the past financial year, we once again continuously updated and assessed the risk situation for the Brenntag Group. The Group's risk position did not change significantly during that period. In our opinion, the risks described in the section "Report on Opportunities and Risks" do not jeopardize the continued existence of the company, either individually or collectively. Additional risks and opportunities that we are currently unaware of or risks that we currently consider immaterial may also have a negative impact on our business operations. We are convinced that we can continue to successfully master the challenges arising from the risks described above.

EXPLANATORY REPORT ON INFORMATION REQUIRED UNDER SECTIONS 289A AND 315A OF THE GERMAN COMMERCIAL CODE (HGB)

Composition of the Subscribed Capital

As at December 31, 2021, the subscribed capital of Brenntag SE totalled EUR 154,500,000. The share capital is divided into 154,500,000 no-par value registered shares, each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag SE, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) in conjunction with Article 9, para. 1 (c) (ii) of Council Regulation (EC) No 2157/2001 on the Statute for a European company ("the SE Regulation"), only those persons recorded in the company's share register will be recognized as shareholders of Brenntag SE. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag SE the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag SE. Excepted from this rule are any treasury shares held by Brenntag SE that do not entitle Brenntag SE to any membership rights. Brenntag SE does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (which apply to an SE as a European stock corporation by way of the reference to other relevant provisions contained in Article 9 of the SE Regulation), in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Restrictions on Voting Rights or Transfer of Shares

The Board of Management of Brenntag SE is not aware of any agreements relating to restrictions on voting rights or on the transfer of shares.

Direct or Indirect Interests in the Capital of the Company Exceeding 10 % of the Voting Rights

As at December 31, 2021, the company was not aware of any direct or indirect interests in the capital of the company that exceeded 10% of the voting rights. Section 33 of the German Securities Trading Act (WpHG) requires that any investor whose percentage of voting rights in Brenntag SE reaches, exceeds or falls below certain thresholds as a result of purchases, disposals or otherwise must notify Brenntag SE and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). All voting right notifications in accordance with Section 33 of the German Securities Trading Act received by Brenntag SE in the reporting period concern shares of the voting rights in excess of the 3% and 5% thresholds and can be viewed in the Investor Relations section of the company's website at www.brenntag.com.

Shares with Special Rights Conferring Powers of Control

There are no shares with special rights conferring powers of control.

System of Control of Any Employee Participation Scheme Where the Control Rights Are Not Exercised Directly by the Employees

Brenntag SE does not have a general employee participation scheme.

Legislation and Provisions of the Articles of Association Applicable to the Appointment and Removal of the Members of the Board of Management and Governing Amendments to the Articles of Association

The appointment and removal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. The Supervisory Board appoints the members of the Board of Management for a maximum term of five years. Their appointment may be resolved according to article 13, para. 4 of the Articles of Association of Brenntag SE by simple majority of votes. In the event of a tie, the Chairman of the Supervisory Board has the casting vote. According to article 9, para. 1 of the Articles of Association of Brenntag SE, the Board of Management consists of one or more persons. The specific number of members of the Board of Management is determined by the Supervisory Board. As at December 31, 2021, the Board of Management of Brenntag SE consisted of five members. Georg Müller, Chief Financial Officer of Brenntag SE, will leave the company on March 31, 2022 and for personal reasons and by mutual agreement stepped down from his post with effect from February 2, 2022.

Contrary to Sections 133, para. 1 and 179, para. 2, sentence 1 of the German Stock Corporation Act, article 20 of the Articles of Association of Brenntag SE stipulates that in cases that require the majority of the share capital represented when the resolution is passed, the simple majority of the capital represented is sufficient. However, this does not apply to changes to the object of the company, as Section 179, para. 2, sentence 2 of the German Stock Corporation Act only permits amendments to a company's Articles of Association regarding the object of the company to be adopted with larger majorities than three-quarters of the capital represented when the resolution is passed. The authority to adopt purely formal amendments to the Articles of Association is transferred to the Supervisory Board under article 14, para. 2 of the Articles of Association of Brenntag SE. In addition, by resolution of the General Shareholders' Meeting on June 20, 2018, the Supervisory Board was authorized to amend the Articles of Association of Brenntag SE in connection with the creation of new authorized capital after implementation of each capital increase and after expiry of the authorization period without use of the authorized capital.

Powers of the Board of Management to Issue or Repurchase Shares

AUTHORIZATION TO CREATE AUTHORIZED CAPITAL

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag SE in one or more tranches by up to EUR 35,000,000 in aggregate by issuing up to 35,000,000 new no-par value registered shares against cash contributions or non-cash contributions in the period to June 19, 2023. In principle, shareholders are to be granted a subscription right for new shares. However, in certain cases the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right in relation to one or more increases in the registered share capital within the scope of the authorized share capital. This shall apply, for example, if the increase in the registered share capital is effected against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act) than the market price for shares in the company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the registered share capital represented by the shares issued pursuant to this paragraph subject to the exclusion of the statutory subscription right in accordance with Section 186, para. 3, sentence 4 of the German Stock Corporation Act does not exceed 10% of the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

The Board of Management determines, subject to the consent of the Supervisory Board, the further details regarding the rights attached to the shares and the conditions of the share issue.

AUTHORIZATION TO PURCHASE AND USE TREASURY SHARES IN ACCORDANCE WITH SECTION 71, PARA. 1, NO. 8 OF THE GERMAN STOCK CORPORATION ACT

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total amount equal to no more than 10% of the registered share capital. In this connection, the shares purchased on the basis of this authorization together with other shares of the company which Brenntag SE has already purchased and still holds shall not exceed 10% of the respective registered share capital. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions. It took effect at the close of the General Shareholders' Meeting on June 20, 2018 and shall apply until June 19, 2023. If shares are purchased on the stock market, the purchase price (excluding incidental purchase costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices (closing auction prices of Brenntag SE shares in XETRA trading or a comparable system replacing the XETRA system) on the Frankfurt am Main stock exchange for the last five trading days preceding the purchase or the assumption of an obligation to purchase. If shares are purchased by way of a public purchase offer, Brenntag SE may either publish a formal offer or issue a public request for offers of sale. In each case, the purchase price offered (excluding incidental purchase costs) or the limits of the purchase price range per share set by Brenntag SE (excluding incidental purchase costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the publication of the purchase offer or request for offers of sale. The authorization may be exercised for any purpose permitted by law. The Board of Management was authorized to retire the treasury shares purchased on the basis of the authorization under Section 71, para. 1, no. 8 of the German Stock Corporation Act with the consent of the Supervisory Board and without a further resolution being adopted by the General Shareholders' Meeting. The retirement transaction may be restricted to some of the shares purchased and use may be made of the authorization to retire shares on one or more occasions. Retiring shares generally leads to a reduction in capital. Alternatively, the Board of Management may decide that the registered share capital will remain unchanged and the transaction will instead increase the amount of the registered share capital represented by the other shares in accordance with Section 8, para. 3 of the German Stock Corporation Act. In this case, the Board of Management is authorized to change the relevant number stated in the Articles of Association. Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

AUTHORIZATION TO ISSUE BONDS AND TO CREATE CONDITIONAL CAPITAL

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized ("Authorization 2018"), subject to the consent of the Supervisory Board, to issue in one or more tranches in the period to June 19, 2023 registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights in an aggregate nominal amount of up to EUR 2,000,000,000 of limited or unlimited term ("Bonds") and to grant the holders or creditors of the Bonds option or conversion rights for up to 15,450,000 new Brenntag SE shares representing a notional amount of up to EUR 15,450,000 in the registered share capital further subject to the terms and conditions of the respective warrant-linked or convertible bonds and/or terms and conditions of the profit-sharing certificates to be defined by the Board of Management ("Terms and Conditions"). In order to grant shares to the holders or creditors of Bonds, the registered share capital was conditionally increased at the General Shareholders' Meeting on June 20, 2018 by up to 15,450,000 no-par value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued ("Conditional Capital 2018"); this equates to an increase in the registered share capital of up to EUR 15,450,000. The Bonds may also be issued in a foreign legal currency rather than in euros – subject to limitation to the corresponding equivalent value in euros – and by companies which are controlled by Brenntag SE or in which it holds a majority interest; in such case, the Board of Management was authorized, subject to the consent of the Supervisory Board, to assume on behalf of Brenntag SE, the guarantee for the Bonds and to grant the holders of such Bonds option and/or conversion rights for Brenntag SE shares and to effect any further declarations and acts as are required for a successful issue. The issues of the Bonds may in each case be divided into partial bonds with equal entitlement amongst themselves. Bonds may only be issued against non-cash contributions provided that the value of the non-cash contribution is equal to the issue price and such issue price is not substantially lower than the theoretical market value of the Bonds determined using recognized valuation techniques. The Board of Management is authorized, under certain circumstances and subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for the Bonds. However, with regard to the exclusion of subscription rights against cash payment, such authorization shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital. Decisive for the threshold of 10% is the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

If convertible bonds or profit-sharing certificates conferring conversion rights are issued, their holders shall be granted the right to convert their Bonds into new Brenntag SE shares further subject to the specific Terms and Conditions.

If bonds with warrant units or profit-sharing certificates conferring option rights are issued, one or more warrants shall be attached to each partial bond and/or each profit-sharing certificate which entitle the holder to subscribe Brenntag SE shares further subject to the specific Terms and Conditions.

New shares are issued at the strike or conversion price to be set in accordance with the aforementioned resolution granting authorization.

In November 2015, Brenntag Finance B.V., in its capacity as issuer and with Brenntag SE as guarantor, issued a bond with warrant units in the amount of USD 500.0 million maturing on December 2, 2022 ("Bond (with Warrants) 2022"). It did so on the basis of the authorization resolved upon at the General Shareholders' Meeting on June 17, 2014 ("Authorization 2014") to issue Bonds and grant the holders or creditors of the Bonds option or conversion rights for up to 25,750,000 new Brenntag SE shares representing a notional amount of up to EUR 25,750,000 in the registered share capital ("Conditional Capital 2014").

The bond was offered only to institutional investors outside the USA. Shareholders' subscription rights were excluded. The warrants attached to the Bond (with Warrants) 2022 entitle the holder to purchase Brenntag SE ordinary shares by paying the strike price applicable at that time. The Terms and Conditions of the Bond (with Warrants) 2022 allow Brenntag SE to settle exercised options both from the Conditional Capital 2014 and from the authorized capital described above or from the treasury shares it holds or to buy back the warrants. The investor may detach the warrants from the bonds. The bond with warrant units, bonds detached from warrants and detached warrants were admitted to trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange. At the reporting date, there were subscription rights to approximately 6.5 million shares resulting from the Bond (with Warrants) 2022; this equates to 4.2% of the registered share capital at the reporting date. Holders have been able to exercise their warrants since January 12, 2016. No warrants have been exercised to date.

The Authorization 2014 was rescinded when the Authorization 2018 became effective. The warrants attached to the Bond (with Warrants) 2022 are unaffected by the rescission of the Authorization 2014, the new Authorization 2018 and the new Conditional Capital 2018. In particular, the subscription rights of the holders of the Bond (with Warrants) 2022 are not adversely affected, as the Conditional Capital 2014 remains in place. Further information on the Conditional Capital 2014 can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

Significant Agreements Which Take Effect, Alter or Terminate Upon a Change of Control of the Company Following a Takeover Bid

As at the reporting date, the most important component in Brenntag's financing structure is the Group-wide loan agreement concluded with a consortium of international banks. The total loan volume is described in the section "Capital Structure". The main conditions are laid down in a syndicated facilities agreement entered into in January 2017. Under this agreement, individual lenders have the right to terminate the agreement if any person or group of persons acting in concert acquire directly or indirectly more than 50% of the shares issued or the voting rights in Brenntag SE. The right to terminate in the event of a change of control is preceded by a 30-day negotiating period on the continuation of the loan agreements. If the parties involved cannot reach agreement on the continuation of the loan agreements in this period, each lender can within ten days terminate his involvement as a lender in the agreement by giving notice of at least another 30 days and request payment of the outstanding loan amounts.

Section 5 of the bond terms and conditions and section 7 of the warrant terms and conditions relating to the bond with warrant units in the amount of USD 500.0 million issued by Brenntag Finance B.V. in November 2015 (Bond (with Warrants) 2022) contain provisions governing a change of control, under which bondholders may request that the bond be repaid early following an agreed period if one or more persons acting in concert within the meaning of Section 34, para. 2 of the German Securities Trading Act (WpHG) hold(s) 50% or more of the voting rights in Brenntag SE. The terms and conditions of the warrants issued with the bonds state that, in the event of a change of control, the holders of the warrants may receive the right to purchase shares at a lower strike price during a specified period following the change of control. The size of the adjustment to the strike price declines over the term of the warrants and is set out in more detail in the terms and conditions of the warrants. As under the bond terms and conditions, a change of control occurs if one or more persons acting in concert within the meaning of Section 34, para. 2 of the German Securities Trading Act hold(s) 50% or more of the voting rights in Brenntag SE.

Section 5 of the conditions of issue relating to the Bond 2025 in the amount of EUR 600.0 million issued by Brenntag Finance B.V. in September 2017 also contains provisions governing a change of control, under which bondholders may request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Furthermore, section 5 of the conditions of issue relating to the Bond 2029 in the amount of EUR 500.0 million placed by Brenntag Finance B.V. in September 2021 and paid out in October 2021 (first issue under the newly established debt issuance programme) also contains a provision governing a change of control, under which bondholders may likewise request that the bond be repaid early if the rating is downgraded within a certain period of a change of control (in each case as defined in the conditions of issue).

Further information on the bonds and the conditions of issue can be found in the Investor Relations section of the website at www.brenntag.com.

Compensation Agreements with Members of the Board of Management or Employees in the Event of a Takeover Bid

There are no compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement required under Sections 289f, 315d of the German Commercial Code (HGB), including the corporate governance report, can be found in the Investor Relations section of the website at www.brenntag.com and in the section “To Our Shareholders”.

NON-FINANCIAL STATEMENT

The non-financial statement required under Sections 289b and 315b of the German Commercial Code (HGB) will be available at the following link by April 30, 2022 at the latest in the form of a separate combined non-financial report within the sustainability reporting: www.brenntag.com/sustainabilityreport2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT[1)]

in EUR m	Note	2021	2020
Sales	1.)	14,382.5	11,794.8
Cost of materials	2.)	−11,003.5	−8,925.4
Operating gross profit		**3,379.0**	**2,869.4**
Other operating income	3.)	49.0	49.8
Personnel expenses	4.)	−1,205.3	−1,107.0
Depreciation, amortization and impairment losses	17.)/18.)/19.)	−373.5	−297.5
Impairment losses on trade receivables and other receivables		−7.5	−8.9
Other operating expenses	5.)	−1,099.3	−792.8
Operating profit		**742.4**	**713.0**
Share of profit or loss of equity-accounted investments		1.0	–
Interest income		4.5	3.6
Interest expense	6.)	−64.0	−70.0
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	7.)	−28.3	0.4
Other net finance costs	8.)	−5.3	−13.7
Net finance costs		**−92.1**	**−79.7**
Profit before tax		**650.3**	**633.3**
Income tax expense	9.)	−188.9	−159.5
Profit after tax		**461.4**	**473.8**
Attributable to:			
Shareholders of Brenntag SE		448.3	466.5
Non-controlling interests		13.1	7.3
Basic earnings per share in euro	**10.)**	**2.90**	**3.02**
Diluted earnings per share in euro	**10.)**	**2.89**	**3.02**

D.01 CONSOLIDATED INCOME STATEMENT

[1)] As at January 1, 2021, the income statement was changed from the cost of sales (function of expense) method to the total cost (nature of expense) method.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR m	Note	2021	2020
Profit after tax		**461.4**	**473.8**
Remeasurements of defined benefit pension plans	25.)	26.2	−5.5
Deferred tax relating to remeasurements of defined benefit pension plans		−7.1	2.8
Items that will not be reclassified to profit or loss		**19.1**	**−2.7**
Change in exchange rate differences on translation of consolidated companies	27.)	179.4	−249.6
Change in exchange rate differences on translation of equity-accounted investments		–	−0.1
Change in net investment hedge reserve	32.)	−9.6	6.4
Remeasurement of cross-currency interest rate swaps	32.)	−21.5	–
Reclassification to profit or loss of hedging losses	32.)	13.4	–
Costs of hedging	32.)	7.2	–
Reclassification to profit or loss of costs of hedging	32.)	−0.2	–
Deferred tax relating to those items	32.)	0.3	–
Items that may be reclassified subsequently to profit or loss		**169.0**	**−243.3**
Other comprehensive income, net of tax		**188.1**	**−246.0**
Total comprehensive income		**649.5**	**227.8**
Attributable to:			
Shareholders of Brenntag SE		629.2	227.0
Non-controlling interests		20.3	0.8

D.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR m	Note	Dec. 31, 2021	Dec. 31, 2020
Current assets			
Cash and cash equivalents	11.)	705.0	726.3
Trade receivables	12.)	2,290.2	1,597.5
Other receivables	13.)	230.1	175.2
Other financial assets	14.)	22.8	20.5
Current tax assets		84.0	47.5
Inventories	15.)	1,621.9	978.9
		4,954.0	**3,545.9**
Non-current assets held for sale	16.)	4.1	–
		4,958.1	**3,545.9**
Non-current assets			
Property, plant and equipment	17.)	1,236.4	1,128.6
Intangible assets	18.)	3,358.8	2,937.9
Right-of-use assets	19.)	436.5	418.7
Equity-accounted investments	20.)	4.1	3.2
Other receivables	13.)	44.5	28.9
Other financial assets	14.)	26.1	11.0
Deferred tax assets	9.)	131.0	69.3
		5,237.4	**4,597.6**
Total assets		**10,195.5**	**8,143.5**

LIABILITIES AND EQUITY

in EUR m	Note	Dec. 31, 2021	Dec. 31, 2020
Current liabilities			
Trade payables	21.)	1,802.3	1,229.8
Financial liabilities	22.)	677.7	151.9
Lease liabilities	19.)	111.7	99.8
Other liabilities	23.)	573.1	483.7
Other provisions	24.)	187.3	64.5
Liabilities relating to acquisition of non-controlling interests	26.)	89.7	16.5
Current tax liabilities		84.3	47.6
		3,526.1	**2,093.8**
Non-current liabilities			
Financial liabilities	22.)	1,652.0	1,487.5
Lease liabilities	19.)	333.9	327.0
Other liabilities	23.)	6.5	8.5
Other provisions	24.)	146.6	117.5
Provisions for pensions and other post-employment benefits	25.)	183.3	200.8
Liabilities relating to acquisition of non-controlling interests	26.)	126.5	111.7
Deferred tax liabilities	9.)	225.3	185.1
		2,674.1	**2,438.1**
Equity	27.)		
Subscribed capital		154.5	154.5
Additional paid-in capital		1,491.4	1,491.4
Retained earnings		2,283.3	2,080.6
Accumulated other comprehensive income		−15.0	−176.8
Equity attributable to shareholders of Brenntag SE		**3,914.2**	**3,549.7**
Equity attributable to non-controlling interests		81.1	61.9
		3,995.3	**3,611.6**
Total liabilities and equity		**10,195.5**	**8,143.5**

D.03 CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR m	Subscribed capital	Additional paid-in capital	Retained earnings	Exchange rate differences
Dec. 31, 2019	**154.5**	**1,491.4**	**1,809.9**	**60.8**
Dividends	–	–	−193.1	–
Business combinations	–	–	–	–
Profit after tax	–	–	466.5	–
Other comprehensive income, net of tax	–	–	−2.7	−243.2
Total comprehensive income for the period	**–**	**–**	**463.8**	**−243.2**
Dec. 31, 2020	**154.5**	**1,491.4**	**2,080.6**	**−182.4**
Dividends	–	–	−208.6	–
Business combinations	–	–	–	–
Transactions with owners	–	–	−56.1	–
Profit after tax	–	–	448.3	–
Other comprehensive income, net of tax	–	–	19.1	172.2
Total comprehensive income for the period	**–**	**–**	**467.4**	**172.2**
Dec. 31, 2021	**154.5**	**1,491.4**	**2,283.3**	**−10.2**

Net investment hedge reserve	Cash-flow hedge reserve	Deferred tax relating to cash-flow hedge reserve	Equity attributable to shareholders of Brenntag SE	Equity attributable to non-controlling interests	**Equity**
−0.8	**–**	**–**	**3,515.8**	**63.2**	**3,579.0**
–	–	–	−193.1	–	−193.1
–	–	–	–	−2.1	−2.1
–	–	–	466.5	7.3	473.8
6.4	–	–	−239.5	−6.5	−246.0
6.4	**–**	**–**	**227.0**	**0.8**	**227.8**
5.6	**–**	**–**	**3,549.7**	**61.9**	**3,611.6**
–	–	–	−208.6	−0.4	−209.0
–	–	–	–	7.5	7.5
–	–	–	−56.1	−8.2	−64.3
–	–	–	448.3	13.1	461.4
−9.6	−1.1	0.3	180.9	7.2	188.1
−9.6	**−1.1**	**0.3**	**629.2**	**20.3**	**649.5**
−4.0	**−1.1**	**0.3**	**3,914.2**	**81.1**	**3,995.3**

D.04 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED CASH FLOW STATEMENT

in EUR m	Note	2021	2020
	28.)		
Profit after tax		**461.4**	**473.8**
Depreciation and amortization	17.) / 18.) / 19.)	373.5	297.5
Income tax expense	9.)	188.9	159.5
Income taxes paid		−222.5	−155.5
Net interest expense	6.)	59.5	66.4
Interest paid (netted against interest received)		−49.5	−57.9
Dividends received		0.1	0.6
Changes in provisions		149.1	−33.9
Changes in current assets and liabilities			
Inventories		−506.1	116.2
Receivables		−556.3	115.7
Liabilities		450.3	194.1
Non-cash change in liabilities relating to acquisition of non-controlling interests	7.)	28.3	−0.4
Other non-cash items and reclassifications		11.9	42.9
Net cash provided by operating activities		**388.6**	**1,219.0**
Proceeds from the disposal of consolidated subsidiaries and other business units less costs to sell		–	1.2
Proceeds from the disposal of equity-accounted investments		–	0.1
Proceeds from the disposal of other financial assets		2.5	–
Proceeds from the disposal of intangible assets and property, plant and equipment		8.8	20.3
Payments to acquire consolidated subsidiaries and other business units		−420.5	−46.4
Payments to acquire other financial assets		–	−0.2
Payments to acquire intangible assets and property, plant and equipment		−199.3	−199.1
Net cash used in investing activities		**−608.5**	**−224.1**
Dividends paid to Brenntag shareholders		−208.6	−193.1
Profits distributed to non-controlling interests		−2.1	−1.5
Repayments of liabilities relating to acquisition of non-controlling interests		−16.5	–
Proceeds from borrowings		933.5	45.9
Repayments of lease liabilities		−119.6	−114.0
Repayments of borrowings		−412.6	−472.9
Net cash provided by / used in financing activities		**174.1**	**−735.6**
Change in cash and cash equivalents		**−45.8**	**259.3**
Effect of exchange rate changes on cash and cash equivalents		24.5	−53.3
Cash and cash equivalents at beginning of period	11.)	726.3	520.3
Cash and cash equivalents at end of period	**11.)**	**705.0**	**726.3**

D.05 CONSOLIDATED CASH FLOW STATEMENT

NOTES

Key Financial Figures by Segment

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties, which are each managed through geographically structured segments. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. Brenntag Specialties focuses on selling ingredients and value-added services to the selected industries, Nutrition, Pharma, Personal Care / HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. The global Brenntag Essentials division comprises the geographical segments EMEA, North America, Latin America and APAC. The global Brenntag Specialties division comprises the geographical segments EMEA, Americas and APAC.

Brenntag Business Services were introduced to support the two divisions, harmonize internal processes and intensify global collaboration. They have been allocated to "All other Segments". In addition, "All other Segments" combine the central functions for the entire Group and the activities with regard to the digitalization of our business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

The following table shows the reconciliation of the reportable segments to the Group:

Period from January 1 to December 31 in EUR m	Brenntag Essentials	Brenntag Specialties	All other Segments	**Group**
External sales				
2021	7,815.4	6,003.3	563.8	14,382.5
2020	6,470.2	5,020.7	303.9	11,794.8
fx adj. change in %	22.4	21.8	85.5	23.8
Operating gross profit				
2021	2,066.9	1,283.2	28.9	3,379.0
2020	1,806.2	1,042.4	20.8	2,869.4
fx adj. change in %	16.1	25.4	38.9	19.6
Operating EBITDA (segment result)				
2021	843.0	567.5	−65.9	1,344.6
2020	664.9	432.2	−39.4	1,057.7
fx adj. change in %	28.6	34.3	67.3	29.5
Operating EBITA				
2021	619.6	534.9	−72.6	1,081.9
2020	448.5	401.9	−45.1	805.3
fx adj. change in %	40.4	36.0	61.3	37.0

D.06 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP 2021 / 2020

The following table shows the segment information for the geographical segments of the global Brenntag Essentials division:

Period from January 1 to December 31 in EUR m	EMEA[1]	North America	Latin America	APAC[2]	Central activities[3]	**Brenntag Essentials**
External sales						
2021	3,186.7	3,268.5	634.5	725.7	–	7,815.4
2020	2,678.7	2,681.9	555.1	554.5	–	6,470.2
fx adj. change in %	18.7	25.3	20.1	29.5	–	22.4
Operating gross profit						
2021	802.2	999.9	151.6	113.2	–	2,066.9
2020	741.4	830.4	133.8	100.6	–	1,806.2
fx adj. change in %	7.8	23.8	19.1	11.9	–	16.1
Operating EBITDA (segment result)[4]						
2021	330.8	414.7	53.2	45.0	−0.7	843.0
2020	264.8	318.3	45.0	37.7	−0.9	664.9
fx adj. change in %	24.3	34.1	24.9	18.1	−22.2	28.6

D.07 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION 2021 / 2020

[1] Europe, Middle East & Africa.
[2] Asia Pacific including the China and Hong Kong segment, which is presented separately internally.
[3] Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

The following table shows the segment information for the geographical segments of the global Brenntag Specialties division:

Period from January 1 to December 31 in EUR m	EMEA[1]	Americas[2]	APAC	Central activities[3]	**Brenntag Specialties**
External sales					
2021	2,753.0	2,170.0	1,080.3	–	6,003.3
2020	2,348.8	1,792.5	879.4	–	5,020.7
fx adj. change in %	18.4	24.6	25.5	–	21.8
Operating gross profit					
2021	594.5	459.2	229.5	–	1,283.2
2020	494.3	366.2	181.9	–	1,042.4
fx adj. change in %	21.3	29.1	29.2	–	25.4
Operating EBITDA (segment result)[4]					
2021	276.5	180.3	111.8	−1.1	567.5
2020	212.6	134.6	85.5	−0.5	432.2
fx adj. change in %	32.2	38.2	33.7	120.0	34.3

D.08 SEGMENT REPORTING ON THE GLOBAL SPECIALTIES DIVISION 2021 / 2020

[1] Europe, Middle East & Africa.
[2] North and Latin America.
[3] Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Group Key Financial Figures

in EUR m	2021	2020
Operating EBITDA	**1,344.6**	**1,057.7**
Investments in non-current assets (capex)[1]	−214.2	−201.9
Change in working capital[2)3)]	−575.3	325.0
Principal and interest payments on lease liabilities	−130.5	−126.2
Free cash flow	**424.6**	**1,054.6**

D.09 FREE CASH FLOW

1) Investments in non-current assets are the other additions to property, plant and equipment and intangible assets.
2) Definition of working capital: trade receivables plus inventories less trade payables.
3) Adjusted for exchange rate effects and acquisitions.

in EUR m	2021	2020
Operating EBITDA (segment result)[1]	**1,344.6**	**1,057.7**
Depreciation of property, plant and equipment and right-of-use assets arising from leases	−258.4	−252.0
Impairment of property, plant and equipment	−4.3	−0.4
Operating EBITA	**1,081.9**	**805.3**
Net expense from special items	−228.7	−47.2
(of which expenses in connection with “Project Brenntag”/programmes to increase efficiency)	(−34.7)	(−47.2)
(of which expenses from excise duties)	(−175.5)	(−)
(of which provision for legal risks)	(−24.0)	(−)
(of which refund of social security charges paid in previous years in Brazil)	(5.5)	(−)
EBITA	**853.2**	**758.1**
Amortization of intangible assets[2]	−58.9	−43.7
Impairment of intangible assets	−51.9	−1.4
EBIT	**742.4**	**713.0**
Net finance costs	−92.1	−79.7
Profit before tax	**650.3**	**633.3**

D.10 RECONCILIATION OF OPERATING EBITDA TO PROFIT BEFORE TAX

1) Operating EBITDA of the reportable segments (EMEA, North America, Latin America and Asia Pacific) amounts to EUR 1,410.5 million (2020: EUR 1,097.1 million) and operating EBITDA of All other Segments to EUR −65.9 million (2020: EUR –39.4 million).
2) For the period from January 1 to December 31, 2021, this figure includes amortization of customer relationships in the amount of EUR 37.2 million (2020: EUR 28.7 million).

in EUR m	2021	2020
Operating EBITA	1,081.9	805.3
Average carrying amount of equity	3,802.8	3,582.9
Average carrying amount of financial liabilities and lease liabilities	2,363.4	2,453.0
Average carrying amount of cash and cash equivalents	−645.7	−654.1
ROCE[1]	**19.6%**	**15.0%**
ROCE[1] after special items	**15.5%**	**14.1%**

D.11 DETERMINATION OF ROCE

[1] ROCE stands for return on capital employed and is defined as EBITA / (the average carrying amount of equity plus the average carrying amount of financial liabilities less the average carrying amount of cash and cash equivalents). The average carrying amounts in the denominator are defined for a particular year as the arithmetic average of the amounts at each of the following five dates: the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

General Information

As one of the world's leading chemical distributors with around 700 locations, Brenntag offers its customers and suppliers an extensive range of services, global supply chain management and a highly developed chemical distribution network in EMEA, North and Latin America as well as in the Asia Pacific region.

At the ordinary General Shareholders' Meeting on June 10, 2020, shareholders resolved to change Brenntag AG's legal form to a European company (Societas Europaea, SE). The change became effective upon its entry in the Commercial Register on February 1, 2021.

Brenntag SE has its registered office at Messeallee 11, 45131 Essen, Germany and is entered in the commercial register at the Essen Local Court under commercial register number HRB 31943.

These consolidated financial statements of Brenntag SE were prepared by the Board of Management of Brenntag SE on March 3, 2022 authorized for publication and submitted to the Supervisory Board for approval at its meeting on March 8, 2022.

The consolidated financial statements of Brenntag SE are denominated in euros (EUR). Unless stated otherwise, the amounts are in millions of euros (EUR million). For arithmetic reasons, rounding differences of ± one unit after the decimal point (EUR, %, etc.) may occur.

Consolidation Policies and Methods

STANDARDS APPLIED

The consolidated financial statements have been prepared in accordance with IFRSs (International Financial Reporting Standards), as adopted in the EU.

The IFRSs comprise the standards (International Financial Reporting Standards and International Accounting Standards) issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee (IFRS IC) and the former Standing Interpretations Committee (SIC).

The accounting policies applied comply with all the standards and interpretations existing and adopted by the EU as at December 31, 2021 whose application is mandatory. In addition, the German commercial law provisions to be applied in accordance with Section 315e, para. 1 of the German Commercial Code (HGB) were taken into account.

As at January 1, 2021, the consolidated income statement of Brenntag SE was changed from the cost of sales (function of expense) method to the total cost (nature of expense) method, as this best reflects the Brenntag Group's financial management system, which was adapted as part of "Project Brenntag". In this context, income of EUR 19.0 million was reclassified to sales in 2020.

The reconciliation of the cost of sales (function of expense) method to the total cost (nature of expense) method for financial year 2020 is shown below:

	Cost of sales method				
in EUR m	Directly attributable	Cost of sales	Selling expenses	Administrative expenses	Total cost method
Sales	11,775.8	–	19.0	–	11,794.8
Cost of materials	–	−8,925.4	–	–	−8,925.4
Other operating income	38.5	0.1	10.1	1.1	49.8
Personnel expenses	–	−42.5	−917.2	−147.3	−1,107.0
Depreciation, amortization and impairment losses	–	−13.5	−261.0	−23.0	−297.5
Impairment losses on receivables	−8.9	–	–	–	−8.9
Other operating expenses	−8.6	−29.3	−691.4	−63.5	−792.8
Total/operating profit	11,796.8	−9,010.6	−1,840.5	−232.7	713.0

D.12 RECONCILIATION OF COST OF SALES TO TOTAL COST METHOD

The following revised and new standards issued by the International Accounting Standards Board (IASB) have been applied by the Brenntag Group for the first time:

- Interest Rate Benchmark Reform (IBOR Reform) – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendments to IFRS 16 regarding COVID-19-related rent concessions

The Phase 2 amendments from the IASB project on interest rate benchmark reform provide relief in accounting for changes required by IBOR reform to contractual cash flows and hedging relationships. They therefore relate to the actual transition to replacement interest rate benchmarks.

The amendments to IFRS 16 Leases provide a practical expedient that allows lessees to simplify their accounting for concessions such as deferrals of lease payments or rent reductions granted in connection with COVID-19. The lessee may elect not to present the rent concession as a lease modification.

The aforementioned revised standards do not have a material impact on the presentation of the Group's net assets, financial position and results of operations.

Probable first-time adoption in 2022

- Amendments to IFRS 3 (Business Combinations) regarding a reference to the Conceptual Framework
- Amendments to IAS 16 (Property, Plant and Equipment) regarding the presentation of proceeds before the intended use of an item of property, plant and equipment
- Amendments to IAS 37 (Provisions) regarding the definition of unavoidable costs of meeting the obligations under an onerous contract
- Annual Improvements to IFRSs (2018–2020 Cycle)

The amendments to IFRS 3 update a reference to the revised IFRS Conceptual Framework (2018) and add to IFRS 3 a requirement that an acquirer apply the requirements of IAS 37 (Provisions) or IFRIC 21 (Levies) in identifying liabilities assumed, with the exception of contingent liabilities acquired, to which the requirements of IFRS 3.23 continue to apply, under which they must be recognized even if it is not probable that there will be an outflow of economic resources. For acquired contingent assets, an explicit prohibition on recognition has been added.

The amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling products produced using that item of property, plant and equipment before its intended use. Proceeds must be shown in profit or loss, as must production expenditures incurred before the intended use of an item of property, plant and equipment, such as during testing for example.

The amendments to IAS 37 regarding the definition of unavoidable costs of meeting the obligations under an onerous contract specify that all costs directly attributable to a contract must be taken into account in determining whether the contract is onerous as defined by IAS 37. Costs that relate directly to a contract may be either incremental costs of fulfilling that contract (e.g. direct labour or materials) or other costs that relate directly to fulfilling the contract (e.g. depreciation charges for items of property, plant and equipment used in fulfilling the contract).

The annual improvements to IFRSs contain a number of minor amendments to various standards that are intended to clarify the content of the standards and eliminate any existing inconsistencies.

Probable first-time adoption in 2023

- IFRS 17 Insurance Contracts – not yet endorsed by the European Union
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 8: Definition of Accounting Estimates – not yet endorsed by the European Union
- Amendments to IAS 12 regarding the prohibition on the recognition of deferred tax at initial recognition of an asset or liability – not yet endorsed by the European Union

IFRS 17 will become effective on January 1, 2023 and replace IFRS 4, the interim standarwd in effect since 2005. The new standard sets out principles for the identification, recognition, measurement, presentation and disclosure of insurance contracts by insurers.

The amendments to IAS 1 are part of the IASB's Disclosure Initiative, the fundamental objective of which is to improve the quality of financial reporting. This also includes ridding the notes to IFRS financial statements of information that is irrelevant to users of the financial statements. In future, disclosures will be required only on material accounting policy information and not on significant accounting policy information. Information is regarded as "material" if it is decision useful to users of the financial statements.

The amendments to IAS 8 contain clarifications to help entities distinguish between accounting policies and accounting estimates.

The initial recognition exemption (IRE) generally places a prohibition on the recognition of deferred tax at initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit. The amendments to IAS 12 narrow the scope of the IRE. This means that, especially in the case of leases (recognition of the right-of-use asset and a lease liability) and in the case of decommissioning and restoration obligations (recognition as part of the cost of the asset and recognition of a liability), both deferred tax assets (to the extent that they are recoverable) and deferred tax liabilities are required to be recognized if the transaction gives rise to equal deductible and taxable temporary differences. It is no longer permitted to omit to recognize deferred tax.

Probable first-time adoption in 2024

- Amendments to IAS 1 regarding the classification of liabilities as current or non-current – not yet endorsed by the European Union

The narrow-scope amendment to IAS 1 clarifies that liabilities are classified as current or non-current based on the entity's rights in existence at the end of the reporting period.

Under the amendment, liabilities are classified as non-current if, at the end of the reporting period, the entity has a substantive right to defer settlement of the liability for at least twelve months after the reporting date. In assessing whether a (substantive) right exists, the entity does not consider whether it will exercise its right. Classification is unaffected by management's intentions in this regard.

Brenntag is currently examining the effects of the amended standards on the presentation of the Group's net assets, financial position and results of operations.

SCOPE OF CONSOLIDATION

As at December 31, 2021, the consolidated financial statements include Brenntag SE and in addition 28 (Dec. 31, 2020: 28) domestic and 203 (Dec. 31, 2020: 188) foreign consolidated subsidiaries including structured entities.

The table below shows the changes in the number of consolidated companies including structured entities:

	Dec. 31, 2020	Additions	Disposals	Dec. 31, 2021
Domestic consolidated companies	29	–	–	29
Foreign consolidated companies	188	20	5	203
Total consolidated companies	**217**	**20**	**5**	**232**

D.13 CHANGES IN SCOPE OF CONSOLIDATION

The additions relate to entities acquired in business combinations under IFRS 3 and three entities established. The disposals are the result of mergers of companies no longer operating.

Three (Dec. 31, 2020: three) associates are accounted for using the equity method.

A full list of shareholdings for the Brenntag Group in accordance with Section 313, para. 2 of the German Commercial Code (HGB) can be found in the Annex to the Notes.

In the case of two (Dec. 31, 2020: two) subsidiaries where Brenntag does not hold the majority of the voting rights, it nevertheless exercises its power to direct the relevant activities. The structured entities individually listed in the List of Shareholdings in accordance with Section 313, para. 2 of the German Commercial Code (HGB) are a leasing company and a sales company.

BUSINESS COMBINATIONS IN ACCORDANCE WITH IFRS 3

In January 2021, Brenntag acquired Miroven S.r.l. based in Cernusco Sul Naviglio, Comelt S.p.A. based in Assago and Aquadepur S.R.L. based in Cogliate (Comelt) (all in northern Italy). Comelt specializes in the processing, marketing and distribution of activated and reactivated carbon for various applications such as water filtration and purification of air and flue gas. The acquisition also includes distribution sites and a laboratory in northern Italy.

Also in January 2021, Brenntag acquired ICL Packed Ltd. based in Grays, Essex, England. The company specializes in the distribution of packaged chemicals for water treatment. As part of the acquisition, the transaction secures Brenntag a supply agreement with ICL, a large manufacturer of caustic soda, hydrochloric acid, iron and aluminium coagulants and sodium hypochlorite in the UK.

In February 2021, Brenntag closed the acquisition of Alpha Chemical Ltd. based in Dartmouth, Nova Scotia, Canada. Alpha Chemical Ltd. is a chemical distributor with a focus on various key industries such as oil and gas, mining, water treatment and aquaculture.

At the end of July 2021, Brenntag closed the acquisition of the first tranche (67%) of Zhongbai Xingye Food Technology (Beijing) Co. Ltd., a specialty distributor of food ingredients based in Beijing, China, and a subsidiary. This Chinese company markets a broad portfolio of specialty food ingredients such as dairy products and proteins. The acquisition of the leading player in mainland China is an important step towards Brenntag becoming a full-line distributor of food ingredients in the Asian market.

At the beginning of August 2021, Brenntag acquired all operating assets and the distribution business of Matrix Chemical, LLC. This company is a solvents distributor and the largest distributor of acetone in North America. By acquiring Matrix, Brenntag creates a highly reliable and competitive logistics network for acetone and solvents in North America.

Also at the beginning of August 2021, Brenntag closed the acquisition of 100% of the shares in Storm Chaser Holding Corporation based in Wilmington / Delaware, USA and its subsidiaries ("JM Swank"). The company is a leading distributor of food ingredients. This strategic acquisition doubles Brenntag's size in the Nutrition business in the region and thus creates the leading food ingredients and food process chemicals distributor in North America. Nutrition is one of the defined focus industries in the Brenntag Specialties division.

The purchase price, net assets and goodwill relating to these business combinations break down as follows:

in EUR m	Zhongbai Xingye	JM Swank	Matrix Chemical	Other entities	**Total**
Purchase price	**78.5**	**256.1**	**45.6**	**58.4**	**438.6**
of which consideration contingent on earnings targets	16.3	–	–	–	16.3
Assets					
Cash and cash equivalents	2.0	0.6	–	1.3	3.9
Trade receivables, other financial assets and other receivables	45.3	40.0	35.1	14.7	135.1
Other current assets	34.3	34.8	36.4	4.0	109.5
Non-current assets	25.7	70.9	8.3	22.4	127.3
Liabilities					
Current liabilities	76.9	40.5	39.1	13.1	169.6
Non-current liabilities	7.4	11.5	3.5	13.1	35.5
Net assets	**23.0**	**94.3**	**37.2**	**16.2**	**170.7**
of which Brenntag's share	15.5	94.3	37.2	16.2	163.2
of which non-controlling interests	7.5	–	–	–	7.5
Goodwill	**63.0**	**161.8**	**8.4**	**42.2**	**275.4**
of which deductible for tax purposes	–	–	8.4	–	8.4

D.14 NET ASSETS ACQUIRED IN 2021

Assets acquired and liabilities assumed in business combinations are normally recognized at their fair value at the date of acquisition. The multi-period excess earnings method was used to measure customer relationships. In particular, the estimate of the useful lives of customer relationships can affect their fair value.

For reasons of time, measurement of the assets acquired and liabilities assumed (among others customer relationships and deferred taxes) of the entities acquired in financial year 2021 has not yet been completed. There are no material differences between the gross amount and the carrying amount of the receivables. The main factors determining the goodwill are the above-mentioned reasons for the acquisitions where not included in other assets (e.g. customer relationships and similar rights).

Acquisition-related costs in the amount of EUR 0.5 million were recognized under other operating expenses.

Since their acquisition by Brenntag, the business units acquired in financial year 2021 have generated the following sales and the following profit after tax:

in EUR m	Zhongbai Xingye	JM Swank	Matrix Chemical	Other entities	**2021**
Sales	81.5	206.3	83.5	37.9	409
Profit after tax	3.6	−0.8	0.1	1.7	4.6

D.15 SALES AND PROFIT AFTER TAX OF THE BUSINESSES ACQUIRED SINCE ACQUISITION

If the above-mentioned business combinations had taken place with effect from January 1, 2021, sales of about EUR 15,492 million would have been reported for the Brenntag Group in the reporting period. Profit after tax would have been about EUR 483 million.

The carrying amounts and annual amortization of the intangible assets held by the business units acquired in 2021 and contained in non-current assets, in each case at the exchange rate at the acquisition date, are as follows:

in EUR m	Zhongbai Xingye	JM Swank	Matrix Chemical	Other entities	**Provisional fair value**
Customer relationships and similar rights					
Customer relationships	20.9	33.3	1.8	9.8	65.8
Annual amortization	8.9	8.7	0.3	2.9	20.8
Trademark	4.6	10.9	–	–	15.5
Annual amortization	1.3	3.5	–	–	4.8

D.16 INTANGIBLE ASSETS ACQUIRED

Measurement of the assets and liabilities of the entities and businesses acquired in financial year 2020 (Hong Kong Dongguan Zhongrong Investment Co Limited, Hong Kong and its subsidiary ZhongYung (GuangDong) Chemical Distribution Service Co. Ltd based in Dongguan, China, the operating assets and caustic soda distribution business of Suffolk Solutions, Inc. based in Suffolk, USA, the business operations of Thai finished lubricants distributor OILs 'R US based in Bangkok, the chemical distribution business of the Desbro Group in Dar es Salaam, Tanzania, Neuto Chemical Corp. headquartered in Taipei, Taiwan) has been completed.

The purchase price, net assets acquired and goodwill were adjusted as follows in the measurement period:

in EUR m	Provisional fair value	Adjustments	Final fair value
Purchase price	**49.6**	**0.7**	**50.3**
of which consideration contingent on earnings targets	1	–	1.0
Assets			
Cash and cash equivalents	2.2	–	2.2
Trade receivables, other financial assets and other receivables	11.6	–	11.6
Other current assets	8.8	–	8.8
Non-current assets	29.1	−1.1	28.0
Liabilities			
Current liabilities	13.8	0.4	14.2
Non-current liabilities	3.7	−0.3	3.4
Net assets	**34.2**	**−1.2**	**33.0**
Goodwill	**15.4**	**1.9**	**17.3**
of which deductible for tax purposes	3.0	–	3.0

D.17 NET ASSETS ACQUIRED IN 2020: OTHER BUSINESS COMBINATIONS

Goodwill from the business combinations carried out in financial years 2020 and 2021 changed as follows:

in EUR m	Zhongbai Xingye	JM Swank	Matrix Chemical	Other	Goodwill
Dec. 31, 2020	**–**	**–**	**–**	**15.0**	**15.0**
Exchange rate differences	3.8	8.0	0.4	2.4	14.6
Business combinations in 2021	63.0	161.8	8.4	42.1	275.3
Adjustments in the measurement period	–	–	–	1.9	1.9
Dec. 31, 2021	**66.8**	**169.8**	**8.8**	**61.4**	**306.8**

D.18 CHANGE IN GOODWILL

The net cash outflow in 2021 resulting from business combinations has been determined as follows:

in EUR m	
Purchase price	**439.3**
Less cash and cash equivalents acquired	3.9
Plus purchase price payments reclaimed	8.4
Less purchase prices payable	23.3
Payments to acquire consolidated subsidiaries and other business units	**420.5**

D.19 RECONCILIATION OF ACQUISITION COSTS TO PAYMENTS TO ACQUIRE CONSOLIDATED SUBSIDIARIES AND OTHER BUSINESS UNITS

CONSOLIDATION METHODS

The consolidated financial statements include the financial statements – prepared according to uniform accounting policies – of Brenntag SE and all entities controlled by Brenntag. This is the case when the following conditions are met:

- Brenntag has decision-making power over the relevant activities of the other entity.
- Brenntag has exposure, or rights, to variable returns from its involvement with the other entity.
- Brenntag has the ability to use its decision-making power over the relevant activities of the other entity to affect the amount of the variable returns of the other entity.

Control may be based on voting rights or arise from other contractual arrangements. Accordingly, the scope of consolidation includes, in addition to entities in which Brenntag SE directly or indirectly controls the majority of voting rights, structured entities which are controlled as a result of contractual arrangements.

Inclusion in the consolidated financial statements commences at the date on which control is obtained and ends when control is lost.

Acquisitions are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquired business unit is considered to be the fair value of the assets given. Acquisition-related costs are recognized as an expense. Contingent consideration is recognized as a liability at the acquisition-date fair value when determining the cost. If Brenntag gains control but does not acquire 100% of the shares, the corresponding non-controlling interest is recognized.

Identifiable assets, liabilities and contingent liabilities of an acquiree that are eligible for recognition are generally measured at their fair value at the transaction date, irrespective of the share of any non-controlling interests. Any remaining differences between cost and the share of the net assets acquired are recognized as goodwill.

In the event of an acquisition in stages which leads to control of a company being obtained, or in the event of a share sale involving a loss of control, the shares already held in the first case or the remaining shares in the second case are measured at fair value through profit or loss. Acquisitions or disposals of shares which have no effect on existing control are recognized in equity.

Receivables, liabilities, expenses, income and intercompany profits or losses within the Brenntag Group are eliminated.

Associates and joint ventures of the Brenntag Group where Brenntag has significant influence or joint control are accounted for using the equity method. Significant influence is generally considered to exist when Brenntag SE holds between 20% and 50% of the voting rights either directly or indirectly. The same consolidation policies apply to companies accounted for using the equity method as to consolidated companies, whereby recognized goodwill is contained in the carrying amount of investments accounted for using the equity method. Brenntag's share of the profit/loss after tax of the companies accounted for using the equity method is recognized in the income statement. The accounting policies of the companies accounted for using the equity method were, as far as necessary, adjusted in line with the accounting policies of Brenntag.

CURRENCY TRANSLATION

Foreign currency receivables and liabilities in the single-entity financial statements are stated on initial recognition at the spot exchange rate at the date of the transaction. At the reporting or settlement date, foreign currency receivables and liabilities are translated at the closing rate. The resulting differences are recognized in profit or loss.

The items contained in the financial statements of a Group company are measured on the basis of the currency of the relevant primary economic environment in which the company operates (functional currency). The presentation currency of the Brenntag Group is the euro.

The single-entity financial statements of the companies whose functional currency is not the euro are translated into euros as follows:

Assets and liabilities are translated at the closing rate, income and expense at the annual average rate. Any differences resulting from currency translation are recognized in other comprehensive income. Goodwill and fair value adjustments resulting from the acquisition of foreign companies are assigned to the foreign company and also translated at the closing rate.

For some companies in Latin America and in the Asia Pacific region, the functional currency is the US dollar and not the local currency. Non-monetary items, primarily property, plant and equipment, goodwill and other intangible assets as well as environmental provisions, are translated from the local currency into US dollars using the exchange rate at the transaction date. Monetary items are translated at the closing rate. All income and expenses are translated at the average exchange rate for the reporting period with the exception of depreciation and amortization, impairment losses and reversals of impairment losses as well as income and expenses incurred in connection with environmental provisions. These are translated at the same exchange rates as the underlying assets and liabilities. The resulting foreign currency differences are recognized in profit or loss. After translation of the items in the single-entity financial statements into the functional currency, the US dollar, the same method is used for translation from US dollars into the Group currency, the euro, as for companies whose functional currency is the local currency.

The single-entity financial statements of foreign companies accounted for using the equity method are translated using the same principles.

The euro exchange rates of major currencies changed as follows:

	Closing rate		Average rate	
EUR 1 = currencies	**Dec. 31, 2021**	Dec. 31, 2020	**2021**	2020
Brazilian real (BRL)	6.3101	6.3735	6.3779	5.8943
Canadian dollar (CAD)	1.4393	1.5633	1.4826	1.5300
Swiss franc (CHF)	1.0331	1.0802	1.0812	1.0705
Chinese yuan renminbi (CNY)	7.1947	8.0225	7.6282	7.8747
Danish krone (DKK)	7.4364	7.4409	7.4370	7.4542
Pound sterling (GBP)	0.8403	0.8990	0.8596	0.8897
Polish zloty (PLN)	4.5969	4.5597	4.5652	4.4431
Swedish krona (SEK)	10.2503	10.0343	10.1465	10.4848
US dollar (USD)	1.1326	1.2271	1.1827	1.1422

D.20 EXCHANGE RATES OF MAJOR CURRENCIES

Accounting and Measurement Policies

REVENUE RECOGNITION

Revenue from contracts with customers is recognized using a five-step model in accordance with IFRS 15:

1. Identify the contract(s) with a customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized in the amount of consideration to which Brenntag expects to be entitled in exchange for goods or services. Variable consideration, such as cash discounts, discounts and rebates, is estimated and taken into account when determining the transaction price. Where relevant, the transaction price is allocated to individual performance obligations.

Revenue from the sale of goods or services is recognized when control of the goods or services transfers to the customer. Control transfers when the customer obtains control of the agreed goods or services and can obtain benefits from them. In a sale of goods, control usually transfers when the goods are collected by the customer or dispatched by Brenntag or a third party. In this case, revenue is recognized at a point in time. In cases where goods are delivered to a third party with the aim of resale to an end customer and the third party does not obtain control of the goods, revenue is not recognized until the goods are delivered to the end customer. Revenue from services is recognized over time.

If a discount (e.g. volume discount) is granted, revenue is recognized taking into account probable price reductions. The transaction price is determined taking into account past experience. Revenue is only recognized to the extent that it is highly probable that a reversal in the amount of revenue will not occur.

There are currently no significant financing components in the Brenntag Group. Payment terms are negotiated locally and reflect standard market practice. As there are no long-term performance obligations, the amount and timing of allocated transaction prices are not required to be disclosed for performance obligations that are unsatisfied as of the reporting date (practical expedient in IFRS 15.121).

Interest income is recognized as the interest accrues using the effective interest method.

Dividend income is recognized when the right to receive payment is established.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cheques and deposits held with banks with an original term of three months or less.

TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables that do not contain a significant financing component are initially recognized at the transaction price in accordance with IFRS 15. All other financial assets are measured on initial recognition at fair value (if applicable, including transaction costs). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of subsequent measurement, financial assets are classified into one of three categories, depending on the business model for managing the financial assets and the contractual cash flow characteristics:

- Measured at amortized cost: Assets held in order to collect contractual cash flows, where those cash flows are solely payments of principal and interest
- Measured at fair value through other comprehensive income: Assets held in order to collect contractual cash flows and sell the assets, where those cash flows are solely payments of principal and interest
- Measured at fair value through profit or loss: Assets that do not meet the criteria of the two aforementioned categories.

Cash and cash equivalents, trade receivables, other receivables and receivables included in other financial assets are measured at amortized cost. There are no financial instruments measured at fair value through other comprehensive income. Securities and shares in entities where Brenntag does not have at least significant influence are measured at fair value through profit or loss, as are derivative financial instruments.

For fair value measurement, IFRS 13 provides a three-level hierarchy that reflects the extent to which the inputs used to determine fair value are market-based:

- Level 1: Fair value determined using quoted or market prices in an active market
- Level 2: Fair value determined using quoted or market prices in an active market for similar financial assets or liabilities, or other measurement methods for which significant inputs used are based on observable market data
- Level 3: Fair value determined using measurement methods for which significant inputs used are not based on observable market data.

Trade receivables are subsequently measured using provision matrices. Country-specific valuation allowances are determined for receivables in the same credit risk class (e.g. customer industries) based on historical credit losses and forward-looking estimates. In this context, credit risk is assessed primarily on the basis of the extent to which the receivables are past due. If there is objective evidence that trade receivables or other financial assets measured at amortized cost should be considered impaired, a specific valuation allowance reflecting the credit risk in question is recognized in profit or loss. The valuation allowances are always posted to an allowance account in the balance sheet. If a receivable is uncollectible, the gross amount and the valuation allowance are both derecognized.

A regular way purchase or sale of non-derivative financial assets is recognized at the settlement date. Derivative financial instruments are recognized in the balance sheet when Brenntag becomes a party to the contractual provisions of that instrument.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset have expired or have been transferred and Brenntag has transferred substantially all the risks and rewards of ownership.

INVENTORIES

Inventories mainly comprise merchandise. They are initially recognized at cost. Production costs for the inventories produced through further processing are also capitalized.

Inventories are subsequently measured in accordance with IAS 2 at the lower of cost (on the basis of the average cost formula) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value also reflects effects of obsolescence or reduced marketability. Earlier valuation allowances on inventories are reversed if the net realizable value of the inventories increases again.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost of acquisition or construction and, except for land, depreciated over its estimated useful life on a straight-line basis. If major components of an item of property, plant and equipment have different useful lives, these components are accounted for separately and depreciated over their respective useful lives.

Acquisition costs include all expenditure directly attributable to the acquisition.

In accordance with IAS 16, future costs for any restoration obligation are recognized as an increase in the cost of acquisition or construction of the respective asset and a corresponding provision is established at the time of acquisition or construction of the item of property, plant and equipment.

In accordance with IAS 20, government grants and assistance for investments are deducted from the related asset.

The charges on property, plant and equipment include both depreciation charges and impairment losses.

When items of property, plant and equipment are sold, the difference between the net proceeds and the carrying amount of the respective asset is recognized as a gain or loss in other operating income or expenses.

Assets are depreciated over the following useful lives:

	Useful life
Land rights	40 to 50 years
Buildings	15 to 50 years
Installations and building improvements	8 to 20 years
Technical equipment and machinery	3 to 20 years
Vehicles	5 to 8 years
Other equipment, operating and office equipment	2 to 10 years

D.21 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

INTANGIBLE ASSETS

Intangible assets include customer relationships and similar rights purchased, the “Brenntag” trademark, other trademarks, software, concessions and similar rights as well as goodwill from the acquisition of consolidated subsidiaries and other business units.

Intangible assets acquired through business combinations are measured on initial recognition at their acquisition-date fair value.

Separately acquired intangible assets are carried at cost.

Acquired software licences are recognized at cost plus directly attributable costs incurred to acquire and bring to use the specific software.

In addition to goodwill, the “Brenntag” trademark has an indefinite useful life as no assumption can be made about its durability or the sustainability of its economic use. The other intangible assets are amortized on a straight-line basis over their estimated useful lives. The following useful lives are assumed:

	Useful life
Concessions, industrial and similar rights as well as software and trademarks with definite useful lives	3 to 10 years
Customer relationships and similar rights	3 to 15 years

D.22 USEFUL LIVES OF INTANGIBLE ASSETS

The charges on intangible assets include both amortization charges and impairment losses.

LEASES

Under the rules in IFRS 16 (Leases), lessees are generally required to recognize leases in the balance sheet in the form of a right-of-use asset and a corresponding lease liability. In doing so, all contractual lease payments to the lessor are included in the measurement. Lease payments are not separated into payments for lease components and payments for non-lease components (e.g. payments for maintenance or servicing costs). When recognizing extension and purchase options, judgements need to be made. Lease payments from extension periods and exercise prices of purchase options are included in the measurement if the option is reasonably certain to be exercised.

In the income statement, leases are in these cases presented as a financing transaction, i.e. the right-of-use asset usually has to be depreciated on a straight-line basis and the lease liability adjusted using the effective interest method. For short-term leases with a term of twelve months or less and leases for which the underlying asset is of low value, there is an option to continue to recognize the lease as an expense in EBITDA. Brenntag exercises this option accordingly.

The leases at Brenntag relate mainly to land and buildings (warehouse and office space), vehicles and other plant and equipment. Leases are entered into for fixed terms of more than one year to 70 years in limited cases, but may also contain extension options.

The incremental borrowing rates were determined on the basis of a base rate plus a risk premium. The base rates in major currencies and countries were derived from interest rate swaps (if available) or government bond yields for a period of up to twenty years. For countries or currencies for which there were no reliable data available on which to base the determination, the euro base rate was adjusted to reflect a country risk premium.

IMPAIRMENT TESTING OF NON-CURRENT NON-FINANCIAL ASSETS

In accordance with IAS 36, non-current non-financial assets are tested for impairment whenever there is an objective indication that the carrying amount may not be recoverable.

Assets that have an indefinite useful life and are, therefore, not subject to amortization are also tested for impairment at least annually.

Impairment exists when the carrying amount of an asset exceeds the estimated recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount.

If the recoverable amount of an individual asset cannot be determined, the recoverable amount of the cash-generating unit (CGU) to which this asset belongs is determined and compared with the carrying amount of the CGU.

Impairments, except for impairments of goodwill, are reversed as soon as the reasons for the impairment no longer exist.

Goodwill is tested for impairment regularly, at least annually, after completion of the annual budget process by comparing the carrying amount of the relevant cash-generating unit with its recoverable amount.

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties, which are each managed through geographically structured segments. In this context, the CGUs were reidentified (for details, please see the section entitled Intangible Assets).

If the carrying amount of a CGU exceeds the recoverable amount, an impairment exists in the amount of the difference. In this case, the goodwill of the relevant CGU would first be written down. Any remaining impairment would be allocated to the assets of the CGU in proportion to the net carrying amounts of the assets at the reporting date. The carrying amount of an individual asset must not be less than the highest of fair value less costs of disposal, value in use (in each case in as far as they can be determined) and zero.

OTHER PROVISIONS

In accordance with IAS 37, other provisions are recognized when the Group has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Non-current provisions are recognized at the present value of the expected outflow and their discounting is unwound over the period until their expected utilization. For provisions for long-service anniversary bonuses and pre-retirement part-time working arrangements, this is carried out bearing in mind actuarial principles or by obtaining external appraisals.

If the projected obligation declines as a result of a change in an estimate, the provision is reversed by the corresponding amount.

Provisions are recognized for cash-settled share-based payments in accordance with IFRS 2. The Long-Term Incentive Programme and the expiring long-term, virtual share-based remuneration programme for the members of the Board of Management and the Long-Term Incentive Plan for Executives and Senior Managers are classified as cash-settled share-based payments. Provisions are established for the resulting obligations. The obligations are measured at fair value. They are recognized as personnel expenses over the vesting period during which the beneficiaries acquire a vested right (unconditional right). The fair value is remeasured at each reporting date and at the settlement date.

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group's pension obligations comprise both defined contribution and defined benefit pension plans.

The contributions to be paid into defined contribution pension plans are recognized directly as expense. Provisions for pension obligations are not established as, in these cases, Brenntag has no additional obligation apart from the obligation to pay the premiums.

In accordance with IAS 19, provisions are established for defined benefit plans, unless the plans are multi-employer pension funds for which insufficient information is available. The obligations arising from these defined benefit plans are determined using the projected unit credit method, under which the expected benefits to be paid after retirement are determined taking dynamic measurement inputs into account and spread over the entire length of service of the employees participating in the plan. For this purpose, an actuarial valuation is obtained every year. The actuarial assumptions for the discount rate, salary increase rate, pension trend, life expectancy and cost increases for medical care used to calculate the defined benefit obligation are established on the basis of the respective economic circumstances. The plan assets measured at fair value are deducted from the present value of the defined benefit obligation (gross pension obligation). Plan assets are assets where the claim to said assets has, in principle, been assigned to the beneficiaries. This results in the net liability required to be recognized or the net asset required to be recognized.

The discount rate is determined by reference to market yields at the end of the reporting period on fixed-rate senior corporate bonds. The currency and term of the corporate bonds taken as a basis are consistent with the currency and estimated term of the post-employment benefit obligations.

Life expectancy is determined using the latest mortality tables.

Pension costs are made up of three components:

Component	Constituents	Recognized in
Service cost	– Current service cost – Past service cost incl. gains and losses from plan curtailments – Gains and losses from plan settlements	Personnel expenses
Net interest expense	– Unwinding of discounting of defined pension obligation (DBO) – Interest income from plan assets	Interest expense
Remeasurements	– Actuarial gains and losses on DBO from experience adjustments and from changes in measurement inputs – Changes in value of plan assets not already contained in net interest expense	Other comprehensive income, net of tax

D.23 PENSION COST COMPONENTS

As a result of the inclusion of the remeasurement components in other comprehensive income, net of tax, the balance sheet shows the full extent of the net obligation avoiding volatility in profit or loss that may result in particular from changes in the measurement inputs.

Multi-employer defined benefit plans are treated as defined contribution plans when insufficient information is available.

TRADE PAYABLES, FINANCIAL LIABILITIES AND OTHER LIABILITIES

Trade payables, financial liabilities (excluding derivative financial instruments and contingent purchase prices payable in business combinations) and other liabilities are classified as at amortized cost. They are initially recognized at their fair value net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method.

Derivative financial instruments and contingent purchase prices payable in business combinations are initially recognized at fair value and subsequently measured at fair value through profit or loss.

LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests include unconditional and contingent purchase price obligations relating to the acquisition of non-controlling interests as well as liabilities arising from limited partners’ rights to repayment of contributions.

On initial recognition, they are recognized as a liability at their fair value (present value of the purchase price obligation) by reducing retained earnings. They are subsequently measured at amortized cost. Unwinding of discounting and changes in estimates of unconditional purchase price obligations and liabilities arising from limited partners’ rights to repayment of contributions are recognized in profit or loss. Exchange rate effects are recognized in profit or loss or, in the case of net investment hedges, directly in equity.

DEFERRED TAXES AND CURRENT INCOME TAXES

Current income taxes for current and prior periods are recognized at the amount expected to be paid to or recovered from the taxation authorities.

Deferred taxes are determined in accordance with IAS 12 (Income Taxes). They arise from temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax base, from consolidation adjustments and from tax loss carryforwards that are expected to be utilized.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which the temporary differences and unutilized loss carryforwards can be utilized.

No deferred taxes are recognized for the difference between the net assets and the tax base of subsidiaries (outside basis differences) provided Brenntag is able to control the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred taxes for domestic companies are calculated on the basis of the combined income tax rate of the German consolidated tax group of Brenntag SE of 32% (2020: 32%) for corporate income tax, solidarity surcharge and trade income tax, and for foreign companies, at local tax rates. These are tax rates which can be expected to apply on the basis of laws in the different countries that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are netted against each other if they relate to the same taxation authority, the company has a legally enforceable right to set them off against each other and they mature in the same period.

BOND WITH WARRANT UNITS

The bond with warrant units consists of the bond (Bond (with Warrants) 2022) and the warrant components. Upon issue, these components were recognized separately at fair value, including transaction costs. The bond with warrant units is subsequently measured at amortized cost using the effective interest method.

The warrants constitute equity as they entitle the holder to acquire a fixed number of Brenntag shares at a specified strike price. Upon issue, they were therefore taken directly to additional paid-in capital and recognized at fair value (warrant premium), including transaction costs. There will be no subsequent measurement.

SUBSCRIBED CAPITAL

The subscribed capital is carried at its nominal value.

ASSUMPTIONS AND ESTIMATES

Preparation of the consolidated financial statements requires the use of assumptions and estimates which may affect the amount and presentation of assets and liabilities and income and expenses. These assumptions and estimates mainly relate to the following:

- the calculation and discounting of cash flows when impairment tests are performed;
- the probability of occurrence, interest rates and other measurement inputs used to measure provisions, particularly for environmental risks and defined benefit pension obligations;
- the amount of liabilities relating to the acquisition of non-controlling interests as well as the determination of interest rates (see the section “Standards applied”);
- the assessment of whether purchase and extension options will be exercised when accounting for right-of-use assets in accordance with IFRS 16 (Leases).

The COVID-19 pandemic continues to pose risks to regional and global economic performance. As a result, Brenntag’s business performance and the assumptions about its future free cash flow performance remain subject to uncertainties which may affect the recognition and amount of assets and liabilities stated in the balance sheet, particularly goodwill. However, the sensitivity analyses performed during goodwill impairment testing show sufficient scope. As in the previous year, no goodwill impairment would have arisen if the free cash flow taken as a basis for goodwill impairment testing had been 10% lower, with all other conditions remaining the same. As in 2020, a 20% lower growth rate over the entire planning period, with all other conditions remaining the same, and an increase of one percentage point in the WACC (weighted average cost of capital after taxes) taken as a basis for goodwill impairment testing would likewise not have led to any impairment.

If the discount rates used to determine the environmental provisions had been one percentage point higher or lower and all other conditions had remained the same, the provision would have decreased by EUR 5.3 million (Dec. 31, 2020: EUR 4.5 million) or increased by EUR 5.4 million (Dec. 31, 2020: EUR 3.0 million), respectively.

Sensitivity analyses of defined benefit pension obligations are described in the section “Provisions for pensions and other post-employment benefits”.

In the case of right-of-use assets under IFRS 16 (Leases), purchase and extension options are recognized if they are reasonably certain to be exercised. In this respect, the assessment is subject to a high degree of judgement. If circumstances change, the assessment of whether an option is reasonably certain to be exercised must be made anew.

Furthermore, assumptions are made as to the realization of future tax benefits from loss carryforwards and to the useful lives of intangible assets and property, plant and equipment.

The actual amounts may differ from the assumptions and estimates in individual cases. Adjustments are recognized when estimates are revised.

CASH FLOW STATEMENT

The cash flow statement classifies cash flows by operating, investing and financing activities. The cash provided by operating activities is determined using the indirect method on the basis of the profit / loss after tax. Interest payments made and received, tax payments and dividends received are presented as components of cash provided by operating activities. The effects of acquisitions of consolidated subsidiaries and other business units as defined by IFRS 3 (Business Combinations) are eliminated from the individual items of the cash flow statement and combined under cash flow from investing activities. Under IFRS 16 (Leases), lease payments made are included in cash used in financing activities as repayments of borrowings and in cash provided by operating activities as interest paid. Payments under short-term leases or leases of low-value assets are a component of cash flow from operating activities. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet. The effect of exchange rate changes on cash and cash equivalents is shown separately.

SEGMENT REPORTING

Segment reporting under IFRS 8 (Operating Segments) is based on the management approach. Reporting is based on the internal control and reporting information used by the top management to assess segment performance and allocate resources.

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties, which are each managed through geographically structured segments. In this context, the reportable segments were reidentified. For details, please see the section entitled Segment reporting.

Consolidated Income Statement Disclosures

1.) SALES

Sales of EUR 14,382.5 million (2020: EUR 11,794.8 million) are almost entirely attributable to contracts with customers as defined by IFRS 15. Sales of EUR 1.5 million (2020: EUR 1.1 million) were generated with related parties.

Sales of EUR 14,309.6 million (2020: EUR 11,736.4 million) relate mainly to the sale of goods and sales of EUR 72.9 million (2020: EUR 58.4 million) to the provision of services. For the majority of the sales, therefore, control transfers at a point in time, which depends specifically on the terms of delivery agreed with the customer. Control usually transfers when the goods are collected by the customer or dispatched by Brenntag or a third party.

Of the sales revenues from the sale of goods, EUR 14,212.4 million (2020: EUR 11,621.5 million) are attributable to warehousing or direct business. Of the other revenues from the sale of goods in the amount of EUR 97.2 million (2020: EUR 114.9 million), EUR 76.4 million (2020: EUR 89.3 million) relate to consignment business. Revenue from consignment agreements is recognized when control of the goods transfers to either a distributor or the end customer.

For a breakdown of sales by operating segment, please refer to the “Key Financial Figures by Segment” section of these notes to the consolidated financial statements.

Trade receivables reported in the amount of EUR 2,290.2 million (Dec. 31, 2020: EUR 1,597.5 million) are entirely attributable to contracts with customers. No contract assets are currently recognized in the Brenntag Group.

Liabilities from contracts with customers break down as follows:

in EUR m	**Dec. 31, 2021**	**Dec. 31, 2020**
Contract liabilities under credit notes	16.3	16.0
Refund liabilities	19.9	15.2
Prepayments received	9.7	4.7
Total	**45.9**	**35.9**

D.24 CURRENT CONTRACT LIABILITIES FROM CONTRACTS WITH CUSTOMERS

2.) COST OF MATERIALS

Cost of materials amounts to EUR 11,003.5 million (2020: EUR 8,925.4 million) and comprises the cost of purchased goods and services. It includes expenses in the amount of EUR 20.4 million (2020: EUR 14.5 million) from valuation allowances on inventories.

3.) OTHER OPERATING INCOME

in EUR m	2021	2020
Income from the disposal of non-current assets	4.2	3.7
Income from the reversal of liabilities and provisions no longer required	14.9	8.9
Miscellaneous operating income	29.9	37.2
Total	**49.0**	**49.8**

D.25 OTHER OPERATING INCOME

4.) PERSONNEL EXPENSES

Personnel expenses amount to EUR 1,205.3 million in total (2020: EUR 1,107.0 million). This line item includes wages and salaries totalling EUR 964.5 million (2020: EUR 884.9 million) as well as social insurance contributions of EUR 240.8 million (2020: EUR 222.1 million), of which pension expenses (including employer contributions to the statutory pension insurance fund) account for EUR 119.5 million (2020: EUR 110.9 million). Net interest expense from defined benefit plans is not included in personnel expenses but presented within net finance costs under interest expense. Personnel expenses for the share-based remuneration programmes on the basis of virtual shares amount to EUR 22.1 million (2020: EUR 9.3 million).

The average number of employees breaks down as follows:

	2021	2020[1]
Brenntag Essentials	10,104	10,141
Brenntag Specialties	4,714	4,760
All other Segments	2,379	2,344
Total	**17,197**	**17,245**

D.26 EMPLOYEES BY DIVISION

[1] Due to the introduction of the new operating model on January 1, 2021, employee allocation to the divisions for 2020 is only available as at December 31, 2020. The averages for 2020 were calculated based on the percentage allocation as at December 31, 2020.

As at December 31, 2021, the Brenntag Group had a workforce of 17,236 (Dec. 31, 2020: 17,237). Of this figure, 1,656 (Dec. 31, 2020: 1,690) were employed in Germany.

5.) OTHER OPERATING EXPENSES

in EUR m	2021	2020
Carriage outwards	271.6	232.1
Property-related and other taxes	211.0	37.9
Maintenance and energy costs	182.8	163.7
Audit and advisory fees	60.4	56.2
Lease expenses	52.4	49.1
Other services	43.9	37.2
Insurance expenses	50.9	34.4
Miscellaneous operating expenses	226.3	182.2
Total	**1,099.3**	**792.8**

D.27 OTHER OPERATING EXPENSES

Expenses for property-related and other taxes include EUR 175.5 million of expenses for excise duties arising from routine reviews of the tax on alcohol and energy conducted by the German customs authorities.

6.) INTEREST EXPENSE

in EUR m	2021	2020
Interest expense on liabilities to third parties	−48.9	−54.7
Expense from the fair value measurement of the cross-currency interest rate swap	−2.3	–
Net interest expense on defined benefit pension plans	−1.3	−1.8
Interest expense on other provisions	−0.5	−1.3
Interest expense on leases	−11.0	−12.2
Total	**−64.0**	**−70.0**

D.28 INTEREST EXPENSE

7.) CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

in EUR m	2021	2020
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−26.6	2.1
Change in liabilities recognized in profit or loss arising from limited partners' rights to repayment of contributions	−1.7	−1.7
Total	**−28.3**	**0.4**

D.29 CHANGE IN LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS RECOGNIZED IN PROFIT OR LOSS

For further information, please refer to Note 26).

8.) OTHER NET FINANCE COSTS

in EUR m	2021	2020
Exchange rate loss on foreign currency receivables and liabilities	−26.5	−32.5
Exchange rate gain on foreign currency derivatives	23.3	17.3
Measurement of Crest at fair value through profit or loss	–	2.5
Miscellaneous other net finance costs	−2.1	−1.0
Total	**−5.3**	**−13.7**

D.30 OTHER NET FINANCE COSTS

9.) INCOME TAX EXPENSE

in EUR m	2021	2020
Current income taxes	−221.7	−167.9
Deferred taxes	32.8	8.4
(of which for temporary differences)	(23.3)	(7.4)
(of which for tax loss carryforwards)	(9.5)	(1.0)
Total	**−188.9**	**−159.5**

D.31 INCOME TAX EXPENSE

The effective tax expense of EUR 188.9 million (2020: EUR 159.5 million) differs by EUR −19.0 million (2020: EUR −43.2 million) from the expected tax expense of EUR 207.9 million (2020: EUR 202.7 million). The expected tax expense results from applying the Group tax rate of 32% (2020: 32%) to profit before tax.

The reasons for the difference between the expected and the effective tax expense are as follows:

in EUR m	2021	2020
Profit before tax	650.3	633.3
Expected income tax expense (32%, 2020: 32%)	−207.9	−202.7
Difference due to tax base	−0.7	−0.7
Effect of different tax rates arising on the inclusion of foreign and domestic subsidiaries	67.1	56.2
Changes in valuation allowances on deferred tax assets/losses for which deferred taxes are not recognized/utilization of loss carryforwards	−10.0	1.4
Changes in the tax rate and tax laws	0.3	0.4
Expenses not deductible for tax purposes	−25.9	−16.2
Tax-free income	1.2	0.8
Share of profit or loss of equity-accounted investments	0.2	−0.2
Prior-period tax expense	−6.9	1.5
Deferred taxes for temporary differences from investments in subsidiaries	0.0	–
Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	−8.2	−0.3
Other effects	1.9	0.3
Effective tax expense	**−188.9**	**−159.5**

D.32 TAX EXPENSE RECONCILIATION

Deferred taxes result from the individual balance sheet items and other items as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in EUR m	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Current assets				
Cash and cash equivalents and financial assets	13.5	8.9	9.4	9.9
Inventories	22.8	0.3	13.7	0.2
Non-current assets				
Property, plant and equipment and right-of-use assets	5.2	155.7	4.7	134.5
Intangible assets	16.5	188.2	12.3	168.3
Financial assets	11.9	6.9	11.0	2.8
Current liabilities				
Other provisions	12.3	0.4	7.7	0.1
Liabilities	70.0	5.6	41.4	5.6
Non-current liabilities				
Provisions for pensions	34.9	8.7	40.2	7.1
Other provisions	16.9	1.8	15.7	2.3
Liabilities	62.9	2.2	53.7	1.4
Special tax-allowable reserves		3.9	–	3.8
Loss carryforwards	92.6	–	59.1	–
Valuation allowances on loss carryforwards	−64.6	–	−41.5	–
Valuation allowances on balance sheet items	–	–	–	–
Consolidation items	–	6.6	–	7.2
Offsetting	−163.9	−163.9	−158.1	−158.1
Deferred taxes	**131.0**	**225.3**	**69.3**	**185.1**
Deferred tax liabilities (net)	**–**	**94.3**	**–**	**115.8**

D.33 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities break down by maturity as follows:

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets to be recovered after more than 12 months	22.7	11.6
Deferred tax assets to be recovered within 12 months	108.3	57.7
Deferred tax assets	**131.0**	**69.3**
Deferred tax liabilities to be recovered after more than 12 months	224.4	184.6
Deferred tax liabilities to be recovered within 12 months	0.9	0.5
Deferred tax liabilities	**225.3**	**185.1**
Deferred tax liabilities (net)	**94.3**	**115.8**

D.34 DEFERRED TAX BY MATURITY

Deferred tax liabilities (net) changed as follows:

in EUR m	2021	2020
Deferred tax liabilities (net) at Jan. 1	**115.8**	**132.7**
Exchange rate differences	3.3	−6.1
Income/expense in profit or loss	−32.8	−8.4
Income taxes recognized in other comprehensive income	6.7	−2.8
Business combinations	1.3	0.4
Deferred tax liabilities (net) at Dec. 31	**94.3**	**115.8**

D.35 CHANGE IN DEFERRED TAX LIABILITIES (NET)

The existing tax loss carryforwards can be utilized as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in EUR m	**Loss carryforwards**	**of which loss carryforwards for which deferred taxes are not recognized**	Loss carryforwards	of which loss carryforwards for which deferred taxes are not recognized
Within one year	1.2	(1.2)	1.3	(1.3)
2 to 5 years	9.5	(9.5)	9.5	(9.2)
6 to 9 years	8.6	(8.5)	0.9	(0.9)
More than 9 years	297.6	(205.8)	236.4	(212.3)
Unlimited	326.1	(272.5)	186.1	(119.2)
Total	**643.0**	**(497.5)**	**434.2**	**(342.9)**

D.36 TAX LOSS CARRYFORWARDS

Deferred tax on loss carryforwards is measured based on the expected taxable income derived from the current mid-term planning, allowing for restrictions on loss carryforwards and their utilization (minimum taxation).

Deferred taxes of EUR 28.0 million (2020: EUR 17.6 million) were recognized for loss carryforwards of EUR 145.5 million (2020: EUR 91.3 million) which are likely to be utilized. Loss carryforwards which are likely to be utilized also include US subsidiaries' loss carryforwards for state taxes totalling EUR 44.3 million (tax rate between 7% and 8%) (2020: EUR 24.1 million) and for federal taxes totalling EUR 46.6 million (2020: EUR 0.0 million).

No deferred taxes were recognized for loss carryforwards of EUR 497.5 million (2020: EUR 342.9 million) which are not likely to be utilized. This figure includes domestic corporation tax and trade tax loss carryforwards totalling EUR 269.3 million

(2020: EUR 93.9 million) as well as US subsidiaries' loss carryforwards for state taxes totalling EUR 205.8 million (tax rate between 7% and 8%) (2020: EUR 212.3 million).

No deferred taxes were recognized for interest carryforwards of EUR 1.6 million (2020: EUR 1.4 million) which are not likely to be utilized.

Temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 558.1 million (2020: EUR 323.8 million).

10.) EARNINGS PER SHARE

Basic earnings per share in the amount of EUR 2.90 (2020: EUR 3.02) are determined by dividing the share of profit after tax of EUR 448.3 million (2020: EUR 466.5 million) attributable to the shareholders of Brenntag SE by the number of shares outstanding (154.5 million).

The warrants from the bond (Bond (with Warrants) 2022) issued in November 2015 had a dilutive effect in 2021, as the average Brenntag share price was higher than the strike price of the warrants of EUR 72.2474.

Diluted earnings per share are calculated as follows:

in EUR m	2021	2020
Share of profit after tax attributable to Brenntag SE shareholders	448.3	466.5
Number of Brenntag SE shares	154.5	154.5
Number of potential shares with a dilutive effect[1]	0.4	–
Number of shares	**154.9**	**154.5**
Diluted earnings per share	**2.89**	**3.02**

D.37 DILUTED EARNINGS PER SHARE

[1] Maximum number of shares that would be issued if the warrants were exercised less the number of shares that could be bought with the issue proceeds at the average price for the period.

Consolidated Balance Sheet Disclosures

11.) CASH AND CASH EQUIVALENTS

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Bank deposits	689.8	699.9
Cheques and cash on hand	15.2	26.4
Total	**705.0**	**726.3**

D.38 CASH AND CASH EQUIVALENTS

12.) TRADE RECEIVABLES

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Trade receivables from third parties	2,290.2	1,597.4
Trade receivables from related parties	–	0.1
Total	**2,290.2**	**1,597.5**

D.39 TRADE RECEIVABLES

Trade receivables at the reporting date were past due and impaired within the following time bands:

in EUR m	not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days	**Dec. 31, 2021**
Loss given default (%)	0.4	1.8	6.0	13.4	11.9	74.3	
Gross amount of trade receivables	2,019.8	214.7	38.4	13.4	10.9	36.2	**2,333.4**
Valuation allowance	7.1	3.8	2.3	1.8	1.3	26.9	**43.2**

D.40 LOSS GIVEN DEFAULT ON TRADE RECEIVABLES / DEC. 31, 2021

in EUR m	not past due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days	**Dec. 31, 2020**
Loss given default (%)	0.3	2.2	10.5	6.2	20.2	86.0	
Gross amount of trade receivables	1,405.2	158.5	24.8	9.7	8.4	28.5	**1,635.1**
Valuation allowance	4.8	3.4	2.6	0.6	1.7	24.5	**37.6**

D.41 LOSS GIVEN DEFAULT ON TRADE RECEIVABLES / DEC. 31, 2020

Of the trade receivables, EUR 685.0 million (Dec. 31, 2020: EUR 554.3 million) are secured by trade credit insurance.

In EMEA and Latin America, most of the trade receivables are secured by trade credit insurance. In Asia Pacific, there is trade credit insurance for most of the receivables in certain countries. In North America as well as in some countries in EMEA, Latin America and Asia Pacific, either there is no trade credit insurance or only a relatively small proportion of the trade receivables are secured by trade credit insurance.

Impairment losses on trade receivables changed as follows:

	Accumulated impairment losses on trade receivables	
in EUR m	**2021**	**2020**
Jan. 1	**37.6**	**38.2**
Exchange rate differences / other	2.3	−2.1
Added	10.6	12.2
Reversed	−3.0	−3.3
Utilized	−4.3	−7.4
Dec. 31	**43.2**	**37.6**

D.42 CHANGE IN IMPAIRMENT LOSSES ON TRADE RECEIVABLES

13.) OTHER RECEIVABLES

	Dec. 31, 2021		Dec. 31, 2020	
in EUR m		of which current		of which current
Value-added tax receivables	76.9	(72.3)	54.1	(46.4)
Receivables from packaging	9.7	(9.7)	10.0	(10.0)
Receivables from the disposal of non-current assets	–	(–)	0.6	(0.6)
Reimbursement claims – environment	3.7	(–)	3.6	(–)
Suppliers with debit balances	14.5	(14.5)	6.3	(6.3)
Receivables from insurance claims	1.8	(1.8)	1.2	(1.2)
Deposits	6.5	(6.5)	5.5	(5.5)
Receivables from commissions and rebates	25.3	(25.3)	22.1	(22.1)
Prepayments	25.5	(25.5)	19.6	(19.2)
Receivables from other taxes	16.4	(7.1)	4.9	(4.7)
Plan assets not netted with provisions for pensions	10.3	(–)	6.4	(–)
Receivables from employees	0.7	(0.7)	0.7	(0.7)
Miscellaneous other receivables	44.0	(28.7)	44.3	(35.1)
Prepaid expenses	39.3	(38.0)	24.8	(23.4)
Total	**274.6**	**(230.1)**	**204.1**	**(175.2)**

D.43 OTHER RECEIVABLES

14.) OTHER FINANCIAL ASSETS

	Remaining term		
in EUR m	1 year or less	more than 1 year	**Dec. 31, 2021**
Financial receivables from third parties	13.2	20.5	33.7
Derivative financial instruments	9.6	3.9	13.5
Debt instruments at fair value through profit or loss	–	1.7	1.7
Total	**22.8**	**26.1**	**48.9**

D.44 OTHER FINANCIAL ASSETS / DEC. 31, 2021

	Remaining term		
in EUR m	1 year or less	more than 1 year	**Dec. 31, 2020**
Financial receivables from third parties	16.8	9.2	26.0
Derivative financial instruments	3.7	–	3.7
Debt instruments at fair value through profit or loss	–	1.8	1.8
Total	**20.5**	**11.0**	**31.5**

D.45 OTHER FINANCIAL ASSETS / DEC. 31, 2020

15.) INVENTORIES

Inventories break down as follows:

in EUR m	**Dec. 31, 2021**	**Dec. 31, 2020**
Merchandise	1,559.4	943.2
Finished goods	24.3	17.4
Work in progress	1.8	0.7
Raw materials and supplies	36.4	17.6
Total	**1,621.9**	**978.9**

D.46 INVENTORIES

16.) ASSETS HELD FOR SALE

The assets held for sale comprise property, plant and equipment (EUR 4.1 million) in the EMEA region.

17.) PROPERTY, PLANT AND EQUIPMENT

in EUR m	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	**Total**
Cost					
Dec. 31, 2019	**1,017.7**	**715.8**	**342.1**	**73.9**	**2,149.5**
Exchange rate differences	−47.6	−40.1	−14.8	−4.8	−107.3
Business combinations	4.3	1.5	0.3	1.2	7.3
Other additions	10.7	29.0	39.2	77.2	156.1
Disposals	−5.2	−11.9	−27.7	−0.6	−45.4
Transfers	25.3	21.9	17.2	−55.4	9.0
Dec. 31, 2020	**1,005.2**	**716.2**	**356.3**	**91.5**	**2,169.2**
Exchange rate differences	43.7	38.1	13.3	7.3	102.4
Business combinations	7.4	2.0	2.1	0.1	11.6
Other additions	15.0	36.4	40.3	102.5	194.2
Reclassification into non-current assets held for sale	−5.8	–	–	–	−5.8
Disposals	−9.3	−9.2	−34.0	−0.1	−52.6
Transfers	40.8	42.9	9.4	−91.4	1.7
Dec. 31, 2021	**1,097.0**	**826.4**	**387.4**	**109.9**	**2,420.7**
Accumulated depreciation and impairment					
Dec. 31, 2019	**307.3**	**444.7**	**233.2**	**–**	**985.2**
Exchange rate differences	−13.0	−25.1	−9.8	–	−47.9
Depreciation	33.7	57.1	47.0	–	137.8
Impairment	0.4	–	–	–	0.4
Disposals	−3.3	−11.3	−23.6	–	−38.2
Transfers	1.5	−2.5	4.3	–	3.3
Dec. 31, 2020	**326.6**	**462.9**	**251.1**	**–**	**1,040.6**
Exchange rate differences	13.1	24.6	9.8	–	47.5
Depreciation	34.4	58.8	47.2	–	140.4
Impairment	4.1	0.2	–	–	4.3
Reclassification into non-current assets held for sale	−1.7	–	–	–	−1.7
Disposals	−7.5	−8.2	−31.4	–	−47.1
Transfers	0.5	−0.3	0.1	–	0.3
Dec. 31, 2021	**369.5**	**538.0**	**276.8**	**–**	**1,184.3**
Carrying amounts at Dec. 31, 2020	678.6	253.3	105.2	91.5	1,128.6
Carrying amounts at Dec. 31, 2021	**727.5**	**288.4**	**110.6**	**109.9**	**1,236.4**

D.47 PROPERTY, PLANT AND EQUIPMENT

The net carrying amounts of the property, plant and equipment subject to impairment total EUR 7.0 million. Government grants total EUR 1.6 million (Dec. 31, 2020: EUR 1.7 million).

18.) INTANGIBLE ASSETS

in EUR m	Goodwill	Trademarks	Customer relationships and similar rights	Software, licences and similar rights	**Total**
Cost					
Dec. 31, 2019	**2,710.2**	**227.5**	**149.8**	**152.1**	**3,239.6**
Exchange rate differences	−168.9	−1.6	−10.7	−5.1	−186.3
Business combinations	23.4	–	7.6	0.6	31.6
Other additions	–	–	–	45.8	45.8
Disposals	–	−8.3	−16.2	−2.7	−27.2
Transfers	–	–	–	−0.4	−0.4
Dec. 31, 2020	**2,564.7**	**217.6**	**130.5**	**190.3**	**3,103.1**
Exchange rate differences	146.2	2.5	10.7	4.7	164.1
Business combinations	277.2	14.7	62.2	1.1	355.2
Other additions	–	–	0.2	19.8	20.0
Disposals	–	–	−11.2	−2.6	−13.8
Transfers	–	–	–	1.6	1.6
Dec. 31, 2021	**2,988.1**	**234.8**	**192.4**	**214.9**	**3,630.2**
Accumulated amortization and impairment					
Dec. 31, 2019	**–**	**23.5**	**57.0**	**75.1**	**155.6**
Exchange rate differences	–	−1.1	−3.9	−3.3	−8.3
Amortization	–	3.2	28.7	11.8	43.7
Impairment	–	–	1.2	0.2	1.4
Disposals	–	−8.3	−16.2	−2.7	−27.2
Dec. 31, 2020	**–**	**17.3**	**66.8**	**81.1**	**165.2**
Exchange rate differences	–	1.6	4.7	2.8	9.1
Amortization	–	3.7	37.2	18.0	58.9
Impairment	–	–	–	51.9	51.9
Disposals	–	–	−11.2	−2.5	−13.7
Dec. 31, 2021	**–**	**22.6**	**97.5**	**151.3**	**271.4**
Carrying amounts at Dec. 31, 2020	2,564.7	200.3	63.7	109.2	2,937.9
Carrying amounts at Dec. 31, 2021	**2,988.1**	**212.2**	**94.9**	**63.6**	**3,358.8**

D.48 INTANGIBLE ASSETS

The goodwill and the “Brenntag” trademark are assets with an indefinite useful life. They are tested regularly, at least annually, for impairment after completion of the annual budget process. The carrying amount of the “Brenntag” trademark is EUR 196.9 million as in the previous year. Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials (BES) and Brenntag Specialties (BSP), which are each managed through geographically structured segments. In this context, the following cash-generating units were identified and the goodwill allocated to those units for impairment testing purposes:

in EUR m	Dec. 31, 2021
EMEA (BES)	442.4
North America (BES)	901.4
Latin America (BES)	33.6
APAC excluding China and Hong Kong (BES)	49.4
China and Hong Kong (BES)	44.8
EMEA (BSP)	564.3
Americas (BSP)	652.2
APAC (BSP)	274.2
All other Segments	25.8
Group	**2,988.1**

D.49 REGIONAL ALLOCATION OF GOODWILL / 2021

in EUR m	Dec. 31, 2020
EMEA	956.2
North America	1,216.2
Latin America	82.2
Asia Pacific	284.3
All other Segments	25.8
Group	**2,564.7**

D.50 REGIONAL ALLOCATION OF GOODWILL / 2020

The carrying amounts of the cash-generating units include right-of-use assets recognized under IFRS 16 (Leases). Fair value less costs of disposal is taken as the recoverable amount. This amount is determined on the basis of a recognized company valuation model. The company valuation model is based on cash flow plans, which are in turn based on the five-year plan approved by the Board of Management and applicable at the date of the performance of the impairment test, taking into account IFRS 16 (Leases). The five-year plan consists of a mid-term plan for the first three years prepared by management in collaboration with the subsidiaries and an extrapolation for the two following years performed by management. The fair value thus determined is required to be classified into Level 3 of the IFRS 13 measurement hierarchy.

The cash flow forecasts for the impairment test of the financial year ended December 31, 2021 were derived from the budget for 2022 and the plan years 2023 to 2026. The growth rates are based on management’s past experience, expectations as to future trends in markets and costs as well as quantities and prices on the basis of external macroeconomic data, and the contribution to earnings expected from “Project Brenntag”. After the, in some cases, much higher growth rates in the years 2022 to 2026 (detailed planning period), the planned growth rates for the period from 2027 onwards are 0.5% in EMEA BES, 0.75% in North America BES, 1.0% in Latin America BES, 1.0% in APAC excluding China and Hong Kong BES, 1.0% in China and Hong Kong BES, 0.5% in EMEA BSP, 0.75% in Americas BSP and 1.0% in APAC BSP (2020: EMEA 0.5%, North America 0.75%, Latin America and Asia Pacific 1.0%).

The region-specific WACC used to discount the cash flows thus determined is based on a risk-free interest rate of 0.10% (2020: 0.20%) and a market risk premium of 7.75% (2020: 7.75%). The estimates of daily yield curves published by the German central bank, the Bundesbank, are taken as a basis for determining the risk-free interest rate. The beta factor used and the capital structure are derived from a peer group. When unlevering, IFRS 16 (Leases) was reflected by making a retrospective adjustment to the leverage of the peer group companies. Furthermore, region-specific tax rates and country risk premiums (according to Damodaran) are used.

WACC in %	2021
EMEA (BES)	7.0
North America (BES)	7.0
Latin America (BES)	8.8
APAC excluding China and Hong Kong (BES)	7.6
China and Hong Kong (BES)	7.0
EMEA (BSP)	7.2
Americas (BSP)	7.0
APAC (BSP)	7.4
All other Segments	7.0
Group	**7.1**

D.51 WACC BY SEGMENT / 2021

WACC in %	2020
EMEA	6.1
North America	5.8
Latin America	7.3
Asia Pacific	6.5
Group	**6.1**

D.52 WACC BY SEGMENT / 2020

19.) LEASES

Right-of-use assets arising from leases changed as follows:

in EUR m	Rights to use land and buildings	Rights to use vehicles	Other right-of-use assets	Total
Cost				
Dec. 31, 2019	**296.7**	**180.2**	**39.9**	**516.8**
Exchange rate differences	−20.4	−12.6	−2.0	−35.0
Business combinations	9.1	0.2	–	9.3
Other additions	89.5	53.9	7.2	150.6
Disposals	−15.0	−17.5	−3.3	−35.8
Transfers	−3.9	−5.5	0.1	−9.3
Dec. 31, 2020	**356.0**	**198.7**	**41.9**	**596.6**
Exchange rate differences	16.7	12.5	0.3	29.5
Business combinations	20.2	5.6	0.1	25.9
Other additions	37.4	48.9	17.8	104.1
Disposals	−16.1	−22.8	−9.7	−48.6
Transfers	−3.0	−1.0	–	−4.0
Dec. 31, 2021	**411.2**	**241.9**	**50.4**	**703.5**
Accumulated depreciation				
Dec. 31, 2019	**46.8**	**48.8**	**9.0**	**104.6**
Exchange rate differences	−4.7	−4.3	−0.7	−9.7
Depreciation	52.3	50.3	11.6	114.2
Disposals	−10.7	−15.0	−2.2	−27.9
Transfers	−1.5	−3.1	1.3	−3.3
Dec. 31, 2020	**82.2**	**76.7**	**19.0**	**177.9**
Exchange rate differences	5.2	5.0	0.3	10.5
Depreciation	56.3	51.1	10.6	118.0
Disposals	−9.6	−20.8	−8.5	−38.9
Transfers	−0.3	−0.2	–	−0.5
Dec. 31, 2021	**133.8**	**111.8**	**21.4**	**267.0**
Carrying amounts at Dec. 31, 2020	273.8	122.0	22.9	418.7
Carrying amounts at Dec. 31, 2021	**277.4**	**130.1**	**29.0**	**436.5**

D.53 RIGHT-OF-USE ASSETS

Extension options in the amount of EUR 77.7 million (Dec. 31, 2020: EUR 60.5 million) and purchase options in the amount of EUR 6.9 million (Dec. 31, 2020: EUR 8.5 million) were not included in the measurement of the right-of-use assets and lease liabilities, as it is not reasonably certain at the present time that they will be exercised.

The following lease expenses were recognized in profit or loss:

in EUR m	2021	2020
Lease expense relating to short-term leases	−25.7	−24.3
Lease expense relating to variable lease payments	−7.4	−7.1
Lease expense relating to leases of low-value assets	−1.3	−1.6
Total	**−34.4**	**−33.0**

D.54 LEASE EXPENSES

As at December 31, 2021, future lease commitments for short-term leases amounted to EUR 8.8 million (Dec. 31, 2020: EUR 7.0 million), for variable lease payments to EUR 8.9 million (Dec. 31, 2020: EUR 10.6 million) and for leases entered into but not yet commenced to EUR 7.2 million (Dec. 31, 2020: EUR 3.0 million).

Interest expense on lease liabilities amounts to EUR 11.0 million (Dec. 31, 2020: EUR 12.2 million). Total payments for leases amounted to EUR 165.1 million in 2021 (Dec. 31, 2020: EUR 158.5 million). Further information on lease liabilities is provided in the sections “Financial liabilities” and “Reporting of financial instruments”.

20.) EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments changed as follows:

in EUR m	Investments in associates
Dec. 31, 2019	**4.0**
Exchange rate differences	−0.1
Net income from equity-accounted investments	–
Total comprehensive income	**−0.1**
Dividends received	−0.5
Disposals	−0.2
Dec. 31, 2020	**3.2**
Net income from equity-accounted investments	1.0
Total comprehensive income	**1.0**
Dividends received	−0.1
Dec. 31, 2021	**4.1**

D.55 CHANGE IN EQUITY-ACCOUNTED INVESTMENTS

The financial year of the investments accounted for using the equity method is the calendar year.

21.) TRADE PAYABLES

Trade payables of EUR 1,802.3 million (Dec. 31, 2020: EUR 1,229.8 million) include accruals of EUR 326.5 million (Dec. 31, 2020: EUR 207.1 million).

22.) FINANCIAL LIABILITIES

	Remaining term		
in EUR m	1 year or less	more than 1 year	**Dec. 31, 2021**
Liabilities under syndicated loan	1.1	517.5	518.6
Other liabilities to banks	164.8	0.4	165.2
Bond 2025	1.8	596.4	598.2
Bond 2029	0.6	496.5	497.1
Bond (with Warrants) 2022	437.0	–	437.0
Derivative financial instruments	6.3	15.2	21.5
Other financial liabilities	66.1	26.0	92.1
Total	**677.7**	**1,652.0**	**2,329.7**
Lease liabilities	111.7	333.9	445.6
Cash and cash equivalents			705.0
Net financial liabilities			**2,070.3**

D.56 FINANCIAL LIABILITIES / DEC. 31, 2021

	Remaining term		
in EUR m	1 year or less	more than 1 year	**Dec. 31, 2020**
Liabilities under syndicated loan	1.2	476.6	477.8
Other liabilities to banks	122.8	1.6	124.4
Bond 2025	1.8	595.5	597.3
Bond (with Warrants) 2022	0.6	397.7	398.3
Derivative financial instruments	11.4	0.0	11.4
Other financial liabilities	14.1	16.1	30.2
Total	**151.9**	**1,487.5**	**1,639.4**
Lease liabilities	99.8	327.0	426.8
Cash and cash equivalents			726.3
Net financial liabilities			**1,339.9**

D.57 FINANCIAL LIABILITIES / DEC. 31, 2020

The syndicated bullet loan is a loan agreement with a consortium of international banks. The syndicated loan is divided into different tranches with different currencies. As at December 31, 2021, it had a term ending in January 2024.

While some subsidiaries are direct borrowers under the loan, others obtain their financing from intra-Group loans. The syndicated loan is guaranteed by Brenntag SE.

The liabilities under the syndicated loan break down as follows:

in EUR m	Remaining term	Interest rate above EURIBOR/CDOR/LIBOR	Dec. 31, 2021
Currency			
CAD	Jan. 31, 2024	1.15%	55.6
USD	Jan. 31, 2024	1.15%	463.5
Total			**519.1**
Accrued interest			1.1
Transaction costs			−1.6
Liabilities under syndicated loan			**518.6**

D.58 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2021

in EUR m	Remaining term	Interest rate above EURIBOR/CDOR/LIBOR	Dec. 31, 2020
Currency			
CAD	Jan. 31, 2024	1.15%	51.2
USD	Jan. 31, 2024	1.15%	427.8
Total			**479.0**
Accrued interest			1.2
Transaction costs			−2.4
Liabilities under syndicated loan			**477.8**

D.59 LIABILITIES UNDER SYNDICATED LOAN / DEC. 31, 2020

In addition to the above-mentioned tranches, the syndicated loan also includes two revolving credit facilities totalling EUR 940.0 million (Dec. 31, 2020: EUR 940.0 million), which were mostly unused as at December 31, 2021.

The Bond 2025 issued in September 2017 in the amount of EUR 600.0 million matures in 2025 and bears a coupon of 1.125% with interest paid annually. The bond with warrant units in the amount of USD 500.0 million issued in November 2015 matures in December 2022.

The Bond (with Warrants) 2022 issued in November 2015 was issued at 92.7% of par and bears a coupon of 1.875% p.a. with interest payable semi-annually. The discount (7.3% or USD 36.5 million) is the warrant premium on the warrants to purchase Brenntag SE shares issued together with the Bond (with Warrants) 2022. The warrant premium was recognized in the additional paid-in capital of Brenntag SE.

In October 2021, Brenntag issued a further bond for EUR 500.0 million (Bond 2029). The bond has a maturity of eight years and carries an annual coupon of 0.50%. It is the first bond issue to take place under a EUR 3 billion debt issuance programme newly established in 2021.

The Bonds 2025 and 2029 and the Bond (with Warrants) 2022 were issued by our Group company, Brenntag Finance B.V., Amsterdam, Netherlands. Detailed disclosures on the terms of the syndicated loan, the bonds and the bond with warrant units are included in the sections “Capital structure” and “Financial risks and opportunities” in the Group management report.

23.) OTHER LIABILITIES

	Dec. 31, 2021		Dec. 31, 2020	
in EUR m		of which current		of which current
Liabilities to employees	203.5	(203.5)	140.1	(140.1)
Liabilities from packaging	61.7	(61.7)	57.8	(57.8)
Liabilities from value-added tax	67.5	(67.3)	57.0	(57.0)
Customers with credit balances	32.5	(32.5)	25.3	(25.3)
Liabilities from other taxes	30.2	(30.2)	26.6	(26.6)
Liabilities to insurance companies	20.5	(20.5)	12.6	(12.6)
Liabilities from sales deductions, rebates	19.9	(19.9)	15.2	(15.2)
Deferred income	2.4	(2.4)	2.3	(2.2)
Liabilities from social insurance contributions	18.2	(18.2)	17.9	(17.9)
Liabilities from the acquisition of assets	26.0	(26.0)	10.4	(10.4)
Miscellaneous other liabilities	97.2	(90.9)	127.0	(118.6)
Total	**579.6**	**(573.1)**	**492.2**	**(483.7)**

D.60 OTHER LIABILITIES

Other liabilities include accruals of EUR 70.1 million (Dec. 31, 2020: EUR 50.1 million).

24.) OTHER PROVISIONS

Other provisions changed as follows in financial year 2021:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	**Total**
Jan. 1, 2021	**92.4**	**32.6**	**57.0**	**182.0**
Exchange rate differences	5.1	0.7	3.3	9.1
Additions from business combinations	–	–	0.1	0.1
Unwinding of discounting	0.4	–	0.1	0.5
Utilized	−7.5	−17.1	−19.3	−43.9
Reversed	−1.7	−0.8	−6.4	−8.9
Added	8.5	42.3	141.1	191.9
Transferred	−0.1	0.2	3.0	3.1
Dec. 31, 2021	**97.1**	**57.9**	**178.9**	**333.9**

D.61 CHANGE IN OTHER PROVISIONS

Other provisions have the following maturities:

in EUR m	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	**Dec. 31, 2021**	Environmental provisions	Provisions for personnel expenses	Miscellaneous provisions	**Dec. 31, 2020**
1 year or less	12.7	23.3	151.3	187.3	12.3	14.7	37.5	64.5
1 to 5 years	33.9	29.0	13.9	76.8	32.4	13.7	10.6	56.7
more than 5 years	50.5	5.6	13.7	69.8	47.7	4.2	8.9	60.8
Total	**97.1**	**57.9**	**178.9**	**333.9**	**92.4**	**32.6**	**57.0**	**182.0**

D.62 MATURITY OF OTHER PROVISIONS

Environmental provisions

The recognition and measurement of environmental provisions are coordinated centrally by external independent experts. The provision amounts are determined on the basis of individual cost estimates for each case. Allowance is made not only for the nature and severity of pollution but also for the conditions at the respective sites and the sovereign territories in which these sites are located.

Environmental provisions are stated at their present values. They are discounted at maturity-dependent, risk-free interest rates for the respective functional currencies. Increases in the future expenditure due to inflation are allowed for. The discount rates for environmental provisions range from 0.0% to 12.5%, depending on the currency (Dec. 31, 2020: from 0.0% to 7.27%).

As at December 31, 2021, environmental provisions total EUR 97.1 million (Dec. 31, 2020: EUR 92.4 million). They mainly relate to the rehabilitation of soil and ground water for current and former, owned and leased sites but also cover costs for further and accompanying measures such as necessary environmental inspections and observations. The provisions include EUR 20.6 million (Dec. 31, 2020: EUR 19.8 million) for contingencies for which a cash outflow is not likely but nevertheless possible. In line with the requirements of IFRS 3, these contingencies have entered the balance sheet largely through the purchase price allocation in connection with the acquisition of the Brenntag Group by funds advised by BC Partners Limited, Bain Capital, Ltd. and subsidiaries of Goldman Sachs International at the end of the third quarter of 2006.

Due to the nature and the large number of parameters which have to be considered when determining environmental provisions, there are uncertainties in their measurement. This applies both to the amount and the timing of future expenditure. However, based on the information available at the time of preparation of the financial statements, it can be assumed that the environmental provisions are reasonable and any additional amounts incurred would not have any material effect on the net assets, financial position and results of operations of the Group.

In some cases, special agreements have been reached which ensure that the cost of any future environmental work necessary will be borne by third parties. If receipt of payment from the third party is virtually certain provided Brenntag meets its obligations, these claims to reimbursement are recognized. They are generally measured in the same way as the corresponding provisions. The amount recognized does not exceed the amount of the provision. The claims to reimbursement recognized at December 31, 2021 amount to EUR 3.7 million (Dec. 31, 2020: EUR 3.6 million).

Provisions for personnel expenses

Provisions for personnel expenses primarily contain obligations arising from future variable and individual one-time payments, payments in connection with employee long-service anniversary bonuses, early retirement regulations and pre-retirement part-time work compensation. Provisions for virtual share-based remuneration programmes are also presented under this item. These programmes are long-term bonus systems for members of the Board of Management of Brenntag SE, on the one hand, and for executives and senior managers of the Brenntag Group, on the other.

Long-term virtual share-based remuneration programme for the members of the Board of Management and Long-Term Incentive Plan for Executives and Senior Managers (LTI Plan)

The remuneration system for Dr Christian Kohlpaintner (CEO), Henri Nejade, Steven Terwindt and Ewout van Jarwaarde includes, among other components, long-term variable remuneration in the form of virtual shares (Performance Share Units). The value of the payout depends on the relative performance of the Brenntag share compared with two peer groups and the absolute development of the Brenntag share price over a four-year performance period. The virtual shares are granted in annual tranches. Payout is made following completion of the performance period.

The annual virtual shares are awarded on January 1 of each financial year. The number of shares to be granted initially is calculated by dividing the individual and contractually agreed grant amount by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months before the start of the performance period. If the service agreement begins or ends during a financial year, the grant amount for that financial year shall be calculated on a pro rata basis.

The number of virtual shares finally granted at the end of the four-year performance period depends on two performance criteria that are each weighted at 50%: the outperformance of the Total Shareholder Return (TSR) of the Brenntag share compared with the performance of the MDAX and the average TSR of a selectively compiled peer group of global competitors.

Target achievement of each performance criterion is calculated by subtracting the performance of the MDAX or the average TSR of the selected peer group from the TSR of the Brenntag share. If the performance of the MDAX or the average TSR of the selected peer group equals the TSR of the Brenntag share, target achievement is 100%. If the TSR of the Brenntag share outperforms the MDAX or the average TSR of the selected peer group by 25% or more percentage points, target achievement is 150%. If the TSR of the Brenntag share underperforms the MDAX or the average TSR of the selected peer group by 25% or more percentage points, target achievement is 0%. Values in-between are determined by linear interpolation. Overall target achievement is calculated by multiplying the target achievement figures of the two performance criteria by their respective weightings and then adding together these two weighted target achievement figures.

The number of virtual shares finally granted at the end of the four-year performance period is calculated by multiplying the number of virtual shares initially granted by the overall target achievement.

The payout amount is determined by multiplying the number of virtual shares finally granted by the arithmetic mean of the Brenntag share closing prices in the Xetra trading system during the last three months prior to the end of the performance period plus dividend payments during the performance period. The payout amount is capped at max. 200% of the individual and contractually set target grant amount (Cap).

The remuneration system used for Dr Christian Kohlpaintner (CEO), Henri Nejade, Steven Terwindt and Ewout van Jarwaarde in 2021 differs from the remuneration system for Georg Müller and former Board of Management members Karsten Beckmann and Markus Klähn.

For the members of the Board of Management of Brenntag SE who were appointed to the Board prior to 2020, there is a different remuneration system, which likewise includes a long-term share-based remuneration programme (Long-Term Incentive Plan). In this case, the long-term variable remuneration is awarded every year and is partly based on the performance of the Brenntag share. On the basis of a contractually set Annual Target Amount, this remuneration component is subject to a vesting period of in each case three years. 50% of the Target Amount is contingent on the development of the value of the company's shares during these three years (External LTI Portion) and 50% is contingent on the long-term development of specific Group-wide KPIs (Internal LTI Portion).

50% of the External LTI Portion is measured by the absolute development of the total shareholder return for the company's shares during the vesting period (Absolute External LTI Portion), while the other 50% of the External LTI Portion is measured by the relative development of the total shareholder return for the company's shares in comparison to the development of the MDAX or, since the 2021 tranche, the DAX during the vesting period (Relative External LTI Portion). For every percentage point by which the average share price on the last trade day of the vesting period exceeds or falls short of the average share price on the last trade day before the vesting period, the Absolute External LTI Portion is increased or decreased by 2%. For every percentage point by which the MDAX is over- or underperformed in the vesting period, the Relative External LTI Portion is increased or decreased by 3%.

The overall External LTI Portion at the end of the relevant vesting period equals the sum of the Absolute External LTI Portion and Relative External LTI Portion. The Absolute External LTI Portion and Relative External LTI Portion may not be less than EUR 0. The External LTI Portion is capped overall at 200% of the contractually set Target Amount for the External LTI Portion.

The Internal LTI Portion is measured by the following KPI targets, which are agreed at the end of each financial year for the following vesting period in an LTI Bonus Plan: EBITDA, ROCE and earnings per share. At the end of each financial year during a vesting period, the achievement of the KPI targets in the particular financial year is calculated for a share of 1/3 of the Internal LTI Portion. For every percentage point by which the targets of a given KPI are over- or underperformed in the particular financial year, the Annual Internal LTI Portion is increased or decreased by 3%. This may also lead to a negative Annual Internal LTI Portion. The overall Internal LTI Portion at the end of the relevant vesting period equals the sum of the Annual Internal LTI Portions. The Internal LTI Portion is also capped at 200% of the contractually set Target Amount for the Internal LTI Portion. The overall Internal LTI Portion for a vesting period may not be less than EUR 0. The Long-Term Incentive Bonus for each financial year equals the sum of the External and Internal LTI Portions.

The Long-Term Incentive Bonus for each financial year is also capped at 200% of the Target Amount (LTI Cap).

For the period from 2013 to 2020, an LTI Plan was offered to a group of managers which is to be redefined every year by the Board of Management of Brenntag SE. The term of the programme is divided into a one-year performance period and a general vesting period of three years. The total bonus pool amount available for one annual tranche of the LTI Plan basically depends on the change in operating EBITDA in the performance period; further amounts can be assigned to the bonus pool at the discretion of the Board of Management. Restrictions exist to the extent that the bonus pool may not exceed 0.675% of the actual operating EBITDA. On the basis of this bonus pool, the number of virtual shares is determined for each plan participant pro rata based on the average price of the Brenntag shares and the annual salary of the participant in relation to the total annual salaries of all participants. After expiry of the vesting period, the plan participants receive remuneration resulting from the virtual shares allocated multiplied by the average Brenntag share price, adjusted for dividends, capital transactions and stock splits. Payment per virtual share must not exceed 250% of the average share price, on the basis of which the number of virtual shares was determined.

In 2021, a new LTI Plan was set up for selected members of the Brenntag Group's Global Leadership Team (GLT). This special long-term incentive programme is aimed at retaining GLT members and motivating them to ensure and share in the long-term success of "Project Brenntag" and therefore the Brenntag Group. These selected GLT members are conditionally entitled to a bonus payment depending on their LTI target bonus and the achievement of a defined EBITDA target for financial year 2023. 50% of the bonus payment is in cash and 50% in the form of virtual shares of the company. Following a holding period of a further year, the virtual shares are converted into a cash payment.

Provisions for share-based remuneration total EUR 31.0 million as at December 31, 2021 (Dec. 31, 2020: EUR 14.2 million) and disaggregate into the following maturities:

in EUR m	**Dec. 31, 2021**	**Dec. 31, 2020**
1 year or less	8.8	5.8
1 to 5 years	22.2	8.4
Total	**31.0**	**14.2**

D.63 PROVISIONS FOR SHARE-BASED REMUNERATION

Miscellaneous provisions

In financial year 2021, provisions of EUR 81.5 million were recognized in connection with routine reviews of the tax on alcohol and energy being conducted by the German customs authorities. In addition, other provisions primarily include provisions for compensation payable, provisions for restoration obligations and provisions for risks from legal proceedings and disputes.

Provisions for current and likely litigation are established in those cases where reasonable estimates are possible. These provisions contain all estimated legal costs as well as the possible settlement costs. The amounts are based on information and cost estimates provided by lawyers (for details, please see the section entitled Legal proceedings and disputes).

25.) PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

There are both defined contribution and defined benefit pension plans for the employees of the Brenntag Group. The pension obligations vary depending on the legal, tax and economic circumstances in the respective country and the employee's years of service with the company and pay grade.

Defined contribution plans

A large number of the employees of the Brenntag Group will receive benefits from the statutory social insurance fund, into which the contributions are paid as part of their salary. In addition, various other pension fund commitments exist at the companies of the Brenntag Group. As the company has no further obligations after payment of the retirement pension contributions to the state social insurance fund and private insurance companies, these plans are treated as defined contribution plans. Current pension contribution payments are recognized as expense for the relevant period. In financial year 2021, pension expenses in the Brenntag Group for employer contributions to the statutory pension insurance fund and for non-statutory defined contribution plans amounted to a total of EUR 91.7 million (2020: EUR 78.9 million).

In the USA, subsidiaries of the Brenntag Group pay into defined benefit plans maintained by more than one employer (termed multi-employer plans). These multi-employer defined benefit plans are accounted for in the consolidated financial statements as defined contribution plans because the information required to use defined benefit accounting is not available in a timely manner and in sufficient detail. Furthermore, there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers, which is necessary for accounting for defined benefit plans in accordance with IAS 19.

If other participating employers do not meet their payment obligations, Brenntag may be liable for the obligations of those employers. Any potential withdrawal from the plans by an entity may lead to that entity having to offset the potential shortfall relating to its share of the plan. The funding level of the individual plans ranged from about 18% to 94% as at December 31, 2021 (about 21% to 92% as at December 31, 2020). Brenntag Group subsidiaries account for approximately 0.06% to 1.54% of the total contributions (2020: approximately 0.06% to 1.28%), depending on the plan. Withdrawal from all plans at the present time would lead to an estimated one-time expense of approximately EUR 56 million or approximately USD 66 million (2020: approximately EUR 52 million or approximately USD 59 million). It is not intended to withdraw from any of these plans at this time.

In financial year 2021, contributions of EUR 2.4 million or USD 2.8 million (2020: EUR 2.4 million or USD 2.7 million) were paid. The contributions are included in the above-mentioned contributions for non-statutory defined contribution plans. In 2022, the contributions are expected to amount to approximately EUR 2.4 million.

Defined benefit plans

The defined benefit plans of the Brenntag Group are funded by provisions and largely covered by assets. The principal obligations (over 90% of the total volume) are in Switzerland, Germany, Canada and the Netherlands. The remaining obligations are spread over another eleven countries in the EMEA, Latin America and Asia Pacific segments.

Switzerland

In Switzerland, every employer is obliged by national law to set up a company retirement pension scheme. When determining the pension benefits, the minimum requirements of the Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pensions (Bundesgesetz über die beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge (BVG)) and the corresponding regulations are required to be observed.

The Swiss group company maintains a funded pension plan for its employees. The assets of this plan are held in two autonomous foundations. The foundation board is made up of equal numbers of employer and employee representatives. It is responsible for setting the investment strategy, for changes in the plan rules and in particular also for determining the financing of the pension benefits.

The pension benefits are based on the retirement assets accrued. The annual retirement credits and interest are credited to these retirement assets. On retirement, the insured person is obliged to take 30% of the accrued retirement assets in the form of a lump-sum payment and may choose whether to take the remaining 70% of the accrued retirement assets in the form of a life-long pension or another lump-sum payment. In addition to the retirement benefits, the pension benefits also include disability and surviving dependants' pensions. The insured person may also dispose of parts of his accrued retirement assets prematurely if this serves to improve his pension situation (for owner-occupied residential property). If there is a change of employer, the retirement assets are transferred to the pension scheme of the new employer.

The employee and employer contributions are set by the foundation board. According to the BVG, the employer pays at least 50% of the necessary contributions. In the case of Brenntag Schweizerhall AG, the employer pays some 70% of the contributions in accordance with the rules of the plan.

As the contributions to the pension plan that the employees in Switzerland pay are based on formal rules, the risk distribution between employee and employer is taken into account when measuring the obligation. In the case of Brenntag Schweizerhall AG, this leads to an only minor reduction in the present value of the benefit obligation.

Germany

The German group companies have retirement pension plans which are based on contractual provisions or works agreements:

The Employee Pension Plan 2000/2012 (Mitarbeiter Vorsorgeplan 2000/2012) is a pension plan funded by the employer. The employer awards an annual pension contribution of between EUR 250 and EUR 500 depending on length of service, which is converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) of the German Brenntag companies is a pension plan for executives funded by the employer in the form of individual commitments. The annual pension contribution depends on the pensionable remuneration (basis of assessment). The annual basis of assessment is the sum total of the fixed remuneration, Christmas and vacation allowances and bonuses but no more than three times the contribution assessment limit for the statutory pension system. The pension contribution is a maximum of 4% of the basis of assessment up to the contribution assessment limit plus a maximum of 10% for parts exceeding the contribution assessment limit. The annual pension contributions are converted into pension modules. The amount of the benefits depends on the pension modules accrued before retirement.

All employees have the option to convert pay components into an entitlement to pension benefits within the meaning of the German Company Pension Act (Betriebsrentengesetz (BetrAVG)) by participating in the Pension Plan Through Employee-funded Pension Commitments (Vorsorgeplan über mitarbeiterfinanzierte Versorgungszusagen). The annual pension contribution for participating employees is between at least EUR 250 and a maximum of 4% of the contribution assessment limit for the statutory pension system (Section 1a BetrAVG). The company also pays an additional pension allowance of 15% to the converted amount provided that the pension contribution comes from remuneration subject to statutory pension insurance contributions. Furthermore, through the Deferred Compensation Plan (DCP), employees have the option to convert pay components into an entitlement to pension benefits. The converted employee contributions are protected by pension liability insurance pledged to the employee who is entitled to the pension. With both employee-funded plans, the employees must decide every year on the pension contribution they wish to make.

In addition to the retirement benefits, the pension benefits also include surviving dependants’ pensions and – except in the case of the Deferred Compensation Plan (DCP) – disability benefits.

The Pension Scheme 2000/2012 for Executives (Leistungsordnung 2000/2012 für Führungskräfte) is a pure retirement pension plan with a monthly life-long pension. With the other pension plans, the pension benefit is paid out as a lump sum or as an annual capital instalment spread over a maximum of five years or as a life-long pension.

The retirement pension entitlements of the members of the Board of Management are described in the section “Remuneration Report” in the Group management report.

Furthermore, in Germany, Brenntag still has isolated retirement and disability pension commitments under pension plans set up in the past. These commitments depend on the years of service and the pay grades of the respective employees. They are mainly commitments involving monthly pension payments.

Canada

In Canada, Brenntag maintains an employer-funded pension plan with a life-long monthly pension for employees who joined the company before December 31, 2011. The basis of assessment for calculating the annual pension is 1% of the average salary of the three highest annual salaries of the beneficiary multiplied by the number of years of service. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

The plan participants in the employer-funded pension plan who are under 50 or who have less than 15 years of service or less than 55 points (sum of age and years of service) must pay into a defined contribution plan newly set up in 2014 in order to continue to build up their retirement pension. Employer and employee pay equal portions of the contributions. The entitlements accrued up to the date of transition remain in place.

For employees in Canada who joined the company up to and including May 31, 2013, there is an employer-funded supplementary medical cost plan in retirement as well as a life insurance payout of CAD 5,000 on retirement. As this plan has the characteristics of a pension, it is classified under pensions and other post-employment benefits.

Netherlands

Company pension systems play a prominent role in the Netherlands as the pay-as-you-go statutory pension scheme only provides a basic pension.

The companies maintain a funded retirement plan for their employees. When there is a change of employer, the credit balance from the plan assets can be transferred to the pension scheme of the new employer or remains in the previous company's pension scheme. About 20% of the retirement pension plan is funded by the employee and about 80% by the employer. Depending on the employer's commitment, the basis of assessment for calculating the annual pension is the last salary before the employee reaches retirement age or the average salary over the employee's active career before reaching retirement age. The amount calculated from the basis of assessment is multiplied by the years of service. The retirement pension plan is a pure pension plan with a life-long monthly pension. In addition to the retirement benefits, the pension benefits include disability and surviving dependants' pensions.

Risks arising from defined benefit pension plans

Brenntag is exposed to risks arising from the plans. An increase in life expectancy, an increase in salaries and the adjustment of pensions in line with inflation as required by law in Germany, or an increase in medical costs in Canada, would lead to higher cash outflows and, in combination with falling discount rates, in each case to higher present values of the defined benefit obligation. There is investment risk in Switzerland primarily with regard to the proportion of the plan assets invested in shares. There is no investment risk in Germany or the Netherlands as the plan assets consist solely of insurance policies. In Canada, the plan assets consisting of external fund shares are in principle exposed to investment risk. In order to minimize this risk, the plan assets in Canada are subject by law to an audit every three years to establish whether the assets invested are sufficient to fund the pension obligations.

Actuarial parameters applied

The plan assets are measured at fair value. The calculation of the present value of the benefit obligations is based on the following main actuarial parameters. When several countries are grouped together, the values are average values weighted by the present value of the respective benefit obligation:

in %		Switzerland	Germany	Canada	Netherlands	Other countries	**Weighted**
	2021	**0.30**	**1.00**	**3.20**	**1.00**	**2.14**	**1.24**
Discount rate	2020	0.10	0.50	2.60	0.50	1.57	0.78
	2021	**1.00**	**2.50**	**3.25**	**2.00**	**3.65**	**2.22**
Expected salary trend	2020	1.00	2.50	3.25	2.00	3.32	2.19
	2021	**0.00**	**1.75**	**2.00**	**1.75**	**2.24**	**1.37**
Expected pension trend	2020	0.00	1.60	2.00	1.60	1.71	1.26
	2021	**n.a.**	**n.a.**	**6.00**	**n.a.**	**n.a.**	**6.00**
Medical cost trend	2020	n.a.	n.a.	5.50	n.a.	n.a.	5.50

D.64 ACTUARIAL PARAMETERS APPLIED

With respect to life expectancy, the Heubeck 2018 G mortality tables (generational tables) are taken as a basis in Germany. The BVG 2020 generational mortality tables are used in Switzerland (2020: BVG 2015 generational mortality tables). We use the “Prognose Tafel AG2020” table in the Netherlands and the “CPM-2014Priv generational mortality table” in Canada.

Provisions for pensions and other post-employment benefits by country

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2021**
Present value of the defined benefit obligation	117.1	163.3	72.9	75.8	28.6	457.7
Fair value of plan assets	−123.1	−24.8	−68.5	−68.0	−6.3	−290.7
Effect of the asset ceiling	6.0	–	–	–	–	6.0
Provisions for pensions and other post-employment benefits – net	**–**	**138.5**	**4.4**	**7.8**	**22.3**	**173.0**
of which assets recognized	–	–	10.3	–	–	10.3
Provisions for pensions and other post-employment benefits recognized in the balance sheet	**–**	**138.5**	**14.7**	**7.8**	**22.3**	**183.3**

D.65 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS BY COUNTRY / DEC. 31, 2021

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	Dec. 31, 2020
Present value of the defined benefit obligation	122.1	169.2	72.2	83.0	29.5	476.0
Fair value of plan assets	−116.5	−21.5	−64.2	−74.0	−5.3	−281.5
Provisions for pensions and other post-employment benefits – net	**5.6**	**147.7**	**8.0**	**9.0**	**24.2**	**194.5**
of which assets recognized	–	–	6.3	–	–	6.3
Provisions for pensions and other post-employment benefits recognized in the balance sheet	**5.6**	**147.7**	**14.3**	**9.0**	**24.2**	**200.8**

D.66 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS BY COUNTRY / DEC. 31, 2020

Pension obligations, plan assets and provisions for pensions and other post-employment benefits recognized in the balance sheet changed as follows:

Change in the present value of the defined benefit obligations

in EUR m	2021	2020
Present value of pension obligations at the beginning of the period	476.0	451.2
Exchange rate differences	11.4	−4.9
Business combinations	0.5	–
Transferred	0.6	0.4
Utilized	−14.9	−14.2
Service cost		
Current service cost	15.3	14.6
Past service cost	−0.3	−0.3
Employee contributions	1.3	1.3
Interest expense on the present value of the obligation	3.8	4.8
Settlements	−0.1	−0.5
Remeasurement components		
Change in economic assumptions	−33.9	25.8
Change in demographic assumptions	−6.1	−1.6
Experience adjustments	4.1	−0.6
Present value of pension obligations at the end of the period	**457.7**	**476.0**

D.67 CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

The present value of pension obligations totalling EUR 457.7 million (Dec. 31, 2020: EUR 476.0 million) includes pension obligations for members of the Board of Management amounting to EUR 8.7 million (Dec. 31, 2020: EUR 8.8 million) and for former members of the Board of Management amounting to EUR 13.4 million (Dec. 31, 2020: EUR 14.6 million).

The decrease in pension obligations attributable to the change in economic assumptions of EUR –33.9 million is due mainly to the discount rates being higher than at December 31, 2020 in all currency areas. The rates can be found in the table "Actuarial Parameters Applied".

The decrease in the present value of pension obligations attributable to changes in demographic assumptions is mainly the result of the first-time application of the BVG 2020 generational mortality tables published in Switzerland.

Change in the fair value of plan assets

in EUR m	2021	2020
Fair value of plan assets at the beginning of the period	281.5	266.8
Exchange rate differences	11.2	−3.9
Transferred	0.4	0.4
Utilized	−10.5	−10.0
Employer contributions	8.8	6.4
Administrative costs for plan assets	−0.5	−0.3
Employee contributions	1.3	1.3
Interest income on plan assets	2.5	3.0
Settlements	−0.1	−0.3
Remeasurement components	−3.9	18.1
Fair value of plan assets at the end of the period	**290.7**	**281.5**

D.68 CHANGE IN THE FAIR VALUE OF PLAN ASSETS

Change in the effect of the asset ceiling

in EUR m	2021	2020
Asset ceiling at the beginning of the period	–	–
Exchange rate differences	0.2	–
Net interest expense	–	–
Remeasurement components	5.8	–
Asset ceiling at the end of the period	6.0	–

D.69 CHANGE IN THE EFFECT OF THE ASSET CEILING

The initial effect of the asset ceiling is the result of the surplus in the plans in Switzerland as at December 31, 2021, which does not give rise to any economic benefits in the form of refunds or reductions in future contributions.

Change in provisions for pensions and other post-employment benefits recognized in the balance sheet

in EUR m	2021	2020
Provisions for pensions and other post-employment benefits at the beginning of the period	194.5	184.4
Exchange rate differences	0.4	−1.0
Business combinations	0.5	–
Transferred	0.2	–
Utilized	−4.4	−4.2
Employer contributions	−8.8	−6.4
Current service cost	15.3	14.6
Past service cost	−0.3	−0.3
Administrative costs for plan assets	0.5	0.3
Net interest expense	1.3	1.8
Settlements	–	−0.2
Remeasurement components	−26.2	5.5
Provisions for pensions and other post-employment benefits at the end of the period – net	**173.0**	**194.5**
of which assets recognized	10.3	6.3
Provisions for pensions and other post-employment benefits recognized in the balance sheet at the end of the period	**183.3**	**200.8**

D.70 CHANGE IN PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS RECOGNIZED IN THE BALANCE SHEET

Recognized provisions for pensions include EUR 14.8 million (Dec. 31, 2020: EUR 14.4 million) for the supplemental medical cost plan in Canada. Pension costs recognized in the income statement for obligations under defined benefit plans total EUR 16.8 million (2020: EUR 16.2 million). Net interest expense is presented within net finance costs. Current service cost and administrative costs for plan assets are presented within personnel expenses, where the amounts of past service cost and the amounts from settlements are also recognized.

The present values of the defined benefit obligations break down as follows into active members, former employees with vested rights and pensioners, split according to the payout method, resulting in the following weighted average duration of the defined benefit obligations:

in EUR m	2021	2020
Present value of the pension obligations funded by plan assets, of which:	**322.2**	**335.9**
Active members with lump-sum payment	17.2	17.7
Active members with monthly pension	127.2	132.4
Active members with option to choose	26.8	35.0
Former employees with vested rights to lump-sum payment	12.5	0.3
Former employees with vested rights to monthly pension	3.5	17.1
Former employees with vested rights with option to choose	15.3	10.6
Pensioners with monthly pension	119.7	122.8
Present value of the pension obligations not funded by plan assets, of which:	**120.7**	**125.7**
Active members with lump-sum payment	30.8	28.7
Active members with monthly pension	33.0	41.8
Active members with option to choose	–	–
Former employees with vested rights to lump-sum payment	8.2	8.5
Former employees with vested rights to monthly pension	12.9	12.0
Former employees with vested rights with option to choose	–	–
Pensioners with monthly pension	35.8	34.8
Medical cost plan	**14.8**	**14.4**
Present value of the pension obligations at the end of the period	**457.7**	**476.0**
Weighted average duration of the pension obligations in years	**17**	**18**

D.71 BREAKDOWN OF THE PRESENT VALUES OF DEFINED BENEFIT OBLIGATIONS BY MEMBERS

The pension payments to be made by the company directly amount to EUR 4.4 million in 2021 (2020: EUR 4.2 million). From a present perspective, the cash outflow resulting from pension payments made by the company directly will remain at a level of EUR 4 to 6 million over the long term. The pension payments expected to be made by the company directly in 2022 total EUR 5.1 million.

The fair value of the plan assets disaggregates into the following asset classes:

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2021**
Shares	22.3	0.1	9.9	–	2.0	34.3
Fixed-interest securities	14.0	–	58.1	–	0.9	73.0
Insurance policies	86.8	24.7	–	68.0	3.4	182.9
Cash and cash equivalents	–	–	0.5	–	–	0.5
Fair value of plan assets	**123.1**	**24.8**	**68.5**	**68.0**	**6.3**	**290.7**

D.72 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2021

in EUR m	Switzerland	Germany	Canada	Netherlands	Other countries	**Dec. 31, 2020**
Shares	20.4	–	16.6	–	1.5	38.5
Fixed-interest securities	12.9	–	47.0	–	1.0	60.9
Insurance policies	83.2	21.5	–	73.9	2.9	181.5
Cash and cash equivalents	–	–	0.6	–	–	0.6
Fair value of plan assets	**116.5**	**21.5**	**64.2**	**73.9**	**5.4**	**281.5**

D.73 FAIR VALUE OF THE PLAN ASSETS BY ASSET CLASS / DEC. 31, 2020

The plan assets are solely for fulfilling the defined benefit obligations and constitute protection for pension entitlements, which is a legal requirement in some countries and is voluntary in other countries.

The structure of the plan assets is reviewed at regular intervals. All assets, which, in Brenntag's case, mainly consist of insurance policies, are tailored long-term to the amount and maturity of the pension commitments, taking investment risks and statutory regulations governing the investment of retirement assets into account.

Owing to the composition of the plan assets, investment risk at Brenntag is limited to securities traded in active markets (shares and fixed-interest securities). This part (2021: 36.9% of plan assets; 2020: 35.3% of plan assets) is subject to market fluctuations. All other assets are not traded in an active market.

The annual payments made into the plan assets, which, according to the plan rules, consist almost exclusively of obligatory payments, amount to EUR 8.8 million (2020: EUR 6.4 million). From a present perspective, the cash outflow resulting from contributions made by the company will remain at a level of EUR 6 to 7 million over the long term. Payments into plan assets for financial year 2022 are expected to total EUR 6.2 million.

Sensitivity analysis of the present value of the defined benefit obligation

The sensitivity analysis takes into account in each case the change in an assumption and the resulting effects on the defined benefit obligations, the other assumptions remaining the same as in the original calculation.

in EUR m	2021	2020
Discount rate		
Increase by 0.5 percentage points	−32.9	−37.3
Decrease by 0.5 percentage points	37.9	43.1
Expected salary trend		
Increase by 0.5 percentage points	3.3	3.4
Decrease by 0.5 percentage points	−2.6	−2.8
Expected pension trend		
Increase by 0.5 percentage points	8.3	10.2
Decrease by 0.5 percentage points	−7.7	−9.4
Medical cost trend		
Increase by 0.5 percentage points	1.2	1.0
Decrease by 0.5 percentage points	−1.1	−0.9

D.74 SENSITIVITY ANALYSIS OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

A 10% decrease in the mortality rates leads to an increase in life expectancy, depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a 63-year-old employee as at December 31, 2021 increases by about one year. In order to determine the sensitivity of longevity, the mortality rates for the beneficiaries were reduced by 10%. If the mortality rates decreased by 10%, the present value of the defined benefit obligation would increase by EUR 10.5 million (2020: EUR 12.4 million).

26.) LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests break down as follows:

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Liabilities relating to acquisition of non-controlling interests	214.4	126.4
Liabilities arising from limited partners' rights to repayment of contributions	1.8	1.8
Total	**216.2**	**128.2**

D.75 LIABILITIES RELATING TO ACQUISITION OF NON-CONTROLLING INTERESTS

Liabilities relating to the acquisition of non-controlling interests consist mainly of liabilities relating to the acquisition of the remaining 33% of the shares in Zhongbai Xingye (EUR 72.9 million) as well as the remaining shares in TEE HAI CHEM PTE LTD (EUR 88.0 million or 49%) and the remaining shares in Raj Petro Specialties Private Limited (EUR 41.5 million or 35%).

EUR 181.2 million (Dec. 31, 2020: EUR 79.1 million) of liabilities relating to the acquisition of non-controlling interests have been included in net investment hedge accounting. Exchange rate-related changes in the liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve. Liabilities relating to the acquisition of non-controlling interests include current liabilities of EUR 89.7 million (Dec. 31, 2020: EUR 16.5 million).

The effects of the change in liabilities relating to the acquisition of non-controlling interests recognized in profit or loss are presented in Note 7.).

27.) EQUITY

Capital management

The aim of capital management at Brenntag is to optimally deploy the resources used to ensure the company's continued existence and, at the same time, to generate a reasonable return on capital – measured by ROCE – for the shareholders in line with market conditions.

In 2021, the Group generated ROCE of 19.6% (2020: 15.0%).

in EUR m	2021	2020
Operating EBITA	1,081.9	805.3
Average carrying amount of equity	3,802.8	3,582.9
Average carrying amount of financial liabilities and lease liabilities	2,363.4	2,453.0
Average carrying amount of cash and cash equivalents	−645.7	−654.1
ROCE[1]	19.6%	15.0%
ROCE[1] after special items	**15.5%**	**14.1%**

D.76 DETERMINATION OF ROCE

[1] For the definition of ROCE, see the "Group Key Financial Figures" section.

Brenntag monitors the appropriateness of borrowings inter alia through the ratio of net financial liabilities to operating EBITDA (leverage). Brenntag generally considers leverage of approximately 2x to be appropriate. Following an exceptionally good cash flow performance in 2020, the ratio was well below that level at 1.3x as at December 31, 2020. Due to the increase in working capital (primarily attributable to rising chemicals prices) and larger payments for acquisitions, net financial liabilities rose in 2021, as a result of which leverage also increased slightly in 2021, from 1.3x to 1.5x, despite the strong growth in operating EBITDA.

We will monitor changes in leverage going forward and examine how we can maintain an optimum capital structure at all times. In addition to current business performance and the trend in chemicals prices, our analysis also takes into account relatively large cash payments, such as those for acquisitions.

in EUR m	2021	2020
Non-current financial liabilities and lease liabilities	1,985.9	1,814.5
Current financial liabilities and lease liabilities	789.4	251.7
Cash and cash equivalents	−705.0	−726.3
Net financial liabilities	2,070.3	1,339.9
Operating EBITDA	1,344.6	1,057.7
Net financial liabilities / operating EBITDA	**1.5x**	**1.3x**

D.77 NET FINANCIAL LIABILITIES / OPERATING EBITDA

Subscribed capital

As at December 31, 2021, the subscribed capital of Brenntag SE totalled EUR 154,500,000 and was fully paid in. The share capital is divided into 154,500,000 no-par value registered shares, each with a notional value of EUR 1.00.

According to article 7, para. 3 of the Articles of Association of Brenntag SE, any right of shareholders to certification of their shares is excluded to the extent permitted by law and that certification is not required under the rules of any stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates embodying several shares (consolidated certificates). Pursuant to Section 67, para. 2 of the German Stock Corporation Act (AktG) in conjunction with Article 9, para. 1 (c) (ii) of Council Regulation (EC) No 2157/2001 on the Statute for a European company ("the SE Regulation"), only those persons recorded in the company's share register will be recognized as shareholders of Brenntag SE. For purposes of recording the shares in the company's share register, shareholders are required to submit to Brenntag SE the number of shares held by them, and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices. All shares confer the same rights and obligations. At the General Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the net income of Brenntag SE. Excepted from this rule are any treasury shares held by Brenntag SE that do not entitle Brenntag SE to any membership rights. Brenntag SE does not currently have any treasury shares. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (which apply to an SE as a European stock corporation by way of the reference to other relevant provisions contained in Article 9 of the SE Regulation), in particular by Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act.

Additional paid-in capital

The additional paid-in capital amounts to EUR 1,491.4 million (Dec. 31, 2020: EUR 1,491.4 million).

Retained earnings

Retained earnings include cumulative profit after tax and the remeasurement component of the defined benefit pension plans including deferred taxes. Transactions with owners are also recognized here. The latter are effects of share purchases and sales which have no influence on existing control and are recognized in retained earnings.

As proposed by the Board of Management and the Supervisory Board, the ordinary General Shareholders' Meeting of Brenntag SE on June 10, 2021 passed a resolution to pay a dividend of EUR 208,575,000.00 (2020: EUR 193,125,000.00). Based on 154.5 million shares, that is a dividend of EUR 1.35 (2020: EUR 1.25) per no-par value share entitled to a dividend.

At the General Shareholders' Meeting on June 9, 2022, the Board of Management and the Supervisory Board will propose that a dividend of EUR 224,025,000.00 be paid. Based on 154.5 million shares, that is a dividend of EUR 1.45 per no-par value share entitled to a dividend.

Other components of equity / Non-controlling interests

Other components of equity comprise the cumulative gain / loss from exchange rate differences, the net investment hedge reserve and the cash flow hedge reserve.

The cumulative gain / loss from exchange rate differences contains the differences from the translation of the financial statements of foreign companies into the Group currency (euro), which are recognized in other comprehensive income. The foreign exchange gains of EUR 172.2 million recognized here in financial year 2021 (2020: foreign exchange losses of EUR 243.2 million) resulted primarily from the appreciation of the US dollar and the Chinese renminbi against the euro.

Exchange rate differences from liabilities included in net investment hedge accounting are recognized within equity in the net investment hedge reserve.

The cash flow hedge reserve contains the effective portion of the cumulative fair value changes in derivative financial instruments included in cash flow hedge accounting.

Non-controlling interests comprise the shares of non-Group shareholders in the equity of consolidated entities. Non-controlling interests changed as follows:

in EUR m	Subscribed capital, retained earnings and additional paid-in capital	Exchange rate differences	Non-controlling interests
Dec. 31, 2019	**62.6**	**0.6**	**63.2**
Business combinations	−2.1	–	−2.1
Profit after tax	7.3	–	7.3
Other comprehensive income, net of tax	−0.1	−6.4	−6.5
Total comprehensive income for the period	**7.2**	**−6.4**	**0.8**
Dec. 31, 2020	**67.7**	**−5.8**	**61.9**
Dividends	−0.4	–	−0.4
Business combinations	7.5	–	7.5
Transactions with owners	−8.2	–	−8.2
Profit after tax	13.1	–	13.1
Other comprehensive income, net of tax	–	7.2	7.2
Total comprehensive income for the period	**13.1**	**7.2**	**20.3**
Dec. 31, 2021	**79.7**	**1.4**	**81.1**

D.78 CHANGE IN NON-CONTROLLING INTERESTS

Non-controlling interests increased by EUR 7.5 million due to the acquisition of 67% of the shares in Zhongbai Xingye, China. They decreased by EUR 8.2 million due to the acquisition of the remaining non-controlling interests in WELLSTAR ENTERPRISES (HONG KONG) COMPANY LIMITED, Hong Kong. The assets, liabilities, sales and profit after tax (in each case 100%) of Zhongbai Xingye (33% non-controlling interest), RAJ PETRO SPECIALTIES PRIVATE LIMITED (RAJ) (35% non-controlling interest) and TEE HAI CHEM PTE LTD (Tee Hai) (49% non-controlling interest) are shown below:

in EUR m	Zhongbai Xingye	RAJ	Tee Hai
Assets			
Current assets	96.2	127.1	51.6
Non-current assets	22.6	17.7	73.9
Liabilities			
Current liabilities	84.5	73.3	19.9
Non-current liabilities	–	25.6	16.0
Net assets	**28.3**	**45.9**	**89.6**
Income Statement			
Sales	81.5	217.1	98.6
Profit after tax	3.6	11.5	4.9

D.79 SUBSIDIARIES WITH NON-CONTROLLING INTERESTS / 2021

in EUR m	RAJ	Tee Hai
Assets		
Current assets	89.0	41.4
Non-current assets	22.2	78.4
Liabilities		
Current liabilities	54.6	23.8
Non-current liabilities	24.8	16.5
Net assets	**31.8**	**79.5**
Income Statement		
Sales	152.0	109.6
Profit after tax	3.4	4.1

D.80 SUBSIDIARIES WITH NON-CONTROLLING INTERESTS / 2020

Powers of the Board of Management to issue or repurchase shares

Authorization to create authorized capital

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized, subject to the consent of the Supervisory Board, to increase the registered share capital of Brenntag SE in one or more tranches by up to EUR 35,000,000 in aggregate by issuing up to 35,000,000 new no-par value registered shares against cash contributions or non-cash contributions in the period to June 19, 2023. In principle, shareholders are to be granted a subscription right for new shares. However, in certain cases the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription right in relation to one or more increases in the registered share capital within the scope of the authorized share capital. This shall apply, for example, if the increase in the registered share capital is effected against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Section 203, para. 1 and para. 2 and Section 186, para. 3, sentence 4 of the German Stock Corporation Act) than the market price for shares in the company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the registered share capital represented by the shares issued pursuant to this paragraph subject to the exclusion of the statutory subscription right in accordance with Section 186, para. 3, sentence 4 of the German Stock Corporation Act does not exceed 10% of the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

The Board of Management determines, subject to the consent of the Supervisory Board, the further details regarding the rights attached to the shares and the conditions of the share issue.

Authorization to purchase and use treasury shares in accordance with Section 71, para. 1, no. 8 of the German Stock Corporation Act

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total amount equal to no more than 10% of the registered share capital. In this connection, the shares purchased on the basis of this authorization together with other shares of the company which Brenntag SE has already purchased and still holds shall not exceed 10% of the respective registered share capital. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions. It took effect at the close of the General Shareholders' Meeting on June 20, 2018 and shall apply until June 19, 2023. If shares are purchased on the stock market, the purchase price (excluding incidental purchase costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices (closing auction prices of Brenntag SE shares in XETRA trading or a comparable system replacing the XETRA system) on the Frankfurt am Main stock exchange for the last five trading days preceding the purchase or the assumption of an obligation to purchase. If shares are purchased by way of a public purchase offer, Brenntag SE may either publish a formal offer or issue a public request for offers of sale. In each case, the purchase price offered (excluding incidental purchase costs) or the limits of the purchase price range per share set by Brenntag SE (excluding incidental purchase costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt am Main stock exchange for the last five trading days preceding the publication of the purchase offer or request for offers of sale. The authorization may be exercised for any purpose permitted by law. The Board of Management was authorized to retire the treasury shares purchased on the basis of the authorization under Section 71, para. 1, no. 8 of the German Stock Corporation Act with the consent of the Supervisory Board and without a further resolution being adopted by the General Shareholders' Meeting. The retirement transaction may be restricted to some of the shares purchased and use may be made of the authorization to retire shares on one or more occasions. Retiring shares generally leads to a reduction in capital. Alternatively, the Board of Management may decide that the registered share capital will remain unchanged and the transaction will instead increase the amount of the registered share capital represented by the other shares in accordance with Section 8, para. 3 of the German Stock Corporation Act. In this case, the Board of Management is authorized to change the relevant number stated in the Articles of Association.

Treasury shares may, under certain circumstances, also be used subject to exclusion of the shareholders' subscription rights existing in principle and in particular by way of simplified exclusion of subscription rights as specified above.

Authorization to issue bonds and to create conditional capital

By resolution of the General Shareholders' Meeting on June 20, 2018, the Board of Management was authorized ("Authorization 2018"), subject to the consent of the Supervisory Board, to issue in one or more tranches in the period to June 19, 2023 registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights in an aggregate nominal amount of up to EUR 2,000,000,000 of limited or unlimited term ("Bonds") and to grant the holders or creditors of the Bonds option or conversion rights for up to 15,450,000 new Brenntag SE shares representing a notional amount of up to EUR 15,450,000 in the registered share capital further subject to the terms and conditions of the respective warrant-linked or convertible bonds and / or terms and conditions of the profit-sharing certificates to be defined by the Board of Management ("Terms and Conditions"). In order to grant shares to the holders or creditors of Bonds, the registered share capital was conditionally increased at the General Shareholders' Meeting on June 20, 2018 by up to 15,450,000 no-par value registered shares conferring profit-sharing rights from the beginning of the financial year in which they were issued ("Conditional Capital 2018"); this equates to an increase in the registered share capital of up to EUR 15,450,000. The Bonds may also be issued in a foreign legal currency rather than in euros – subject to limitation to the corresponding equivalent value in euros – and by companies which are controlled by Brenntag SE or in which it holds a majority interest; in such case, the Board of Management was authorized, subject to the consent of the Supervisory Board, to assume on behalf of Brenntag SE, the guarantee for the Bonds and to grant the holders of such Bonds option and / or conversion rights for Brenntag SE shares and to effect any further declarations and acts as are required for a successful issue. The issues of the Bonds may in each case be divided into partial bonds with equal entitlement amongst themselves. Bonds may only be issued against non-cash contributions provided that the value of the non-cash contribution is equal to the issue price and such issue price is not substantially lower than the theoretical market value of the Bonds determined using recognized valuation techniques. The Board of Management is authorized, under certain circumstances and subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for the Bonds. However, with regard to the exclusion of subscription rights against cash payment, such authorization shall apply only provided that the shares issued to fulfil the option or conversion rights and / or in the case of fulfilment of the conversion obligation represent no more than 10% of the registered share capital. Decisive for the threshold of 10% is the registered share capital in the amount of EUR 154,500,000 (simplified exclusion of subscription rights). Details can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

If convertible bonds or profit-sharing certificates conferring conversion rights are issued, their holders shall be granted the right to convert their Bonds into new Brenntag SE shares further subject to the specific Terms and Conditions.

If bonds with warrant units or profit-sharing certificates conferring option rights are issued, one or more warrants shall be attached to each partial bond and/or each profit-sharing certificate which entitle the holder to subscribe Brenntag SE shares further subject to the specific Terms and Conditions.

New shares are issued at the strike or conversion price to be set in accordance with the aforementioned resolution granting authorization.

In November 2015, Brenntag Finance B.V., in its capacity as issuer and with Brenntag SE as guarantor, issued a bond with warrant units in the amount of USD 500.0 million maturing on December 2, 2022 ("Bond (with Warrants) 2022"). It did so on the basis of the authorization resolved upon at the General Shareholders' Meeting on June 17, 2014 ("Authorization 2014") to issue Bonds and grant the holders or creditors of the Bonds option or conversion rights for up to 25,750,000 new Brenntag SE shares representing a notional amount of up to EUR 25,750,000 in the registered share capital ("Conditional Capital 2014").

The bond was offered only to institutional investors outside the USA. Shareholders' subscription rights were excluded. The warrants attached to the Bond (with Warrants) 2022 entitle the holder to purchase Brenntag SE ordinary shares by paying the strike price applicable at that time. The Terms and Conditions of the Bond (with Warrants) 2022 allow Brenntag SE to settle exercised options both from the Conditional Capital 2014 and from the authorized capital described above or from the treasury shares it holds or to buy back the warrants.

The investor may detach the warrants from the bonds. The bond with warrant units, bonds detached from warrants and detached warrants were admitted to trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange. At the reporting date, there were subscription rights to approximately 6.5 million shares resulting from the Bond (with Warrants) 2022; this equates to 4.2% of the registered share capital at the reporting date. Holders have been able to exercise their warrants since January 12, 2016. No warrants have been exercised to date.

The Authorization 2014 was rescinded when the Authorization 2018 became effective. The warrants attached to the Bond (with Warrants) 2022 are unaffected by the rescission of the Authorization 2014, the new Authorization 2018 and the new Conditional Capital 2018. In particular, the subscription rights of the holders of the Bond (with Warrants) 2022 are not adversely affected, as the Conditional Capital 2014 remains in place. Further information on the Conditional Capital 2014 can be found in the Articles of Association of Brenntag SE, which are available in the Investor Relations section of the website at www.brenntag.com.

28.) Consolidated cash flow statement disclosures

Net cash provided by operating activities of EUR 388.6 million was influenced by cash outflows attributable to the rise in working capital of EUR 575.3 million.

The rise in working capital resulted from changes in inventories, gross trade receivables and trade payables as well as from valuation allowances on trade receivables and inventories as follows:

in EUR m	2021	2020
Increase/decrease in inventories	−506.1	116.2
Increase/decrease in gross trade receivables	−505.0	124.3
Increase in trade payables	412.2	71.8
Valuation allowances on trade receivables and on inventories[1]	23.6	12.7
Change in working capital[2]	**−575.3**	**325.0**

D.81 CHANGE IN WORKING CAPITAL

[1] Presented within other non-cash items.
[2] Adjusted for exchange rate effects and acquisitions.

At 8.3 in the reporting period, annualized working capital turnover[1] was higher than at the end of 2020 (7.3).

[1] Ratio of annual sales to average working capital: average working capital is defined for a particular year as the average of working capital at the beginning of the year, the end of each of the first, second and third quarters, and the end of the year.

Of the interest payments, EUR 4.0 million (2020: EUR 3.6 million) relate to interest received and EUR 53.5 million (2020: EUR 61.5 million) to interest paid.

Financial liabilities changed as follows:

in EUR m	Dec. 31, 2020	Net cash provided by financing activities	Non-cash changes in lease liabilities	Business combinations in accordance with IFRS 3	Exchange rate differences	Other	Dec. 31, 2021
Liabilities under syndicated loan	477.8	−2.5	–	–	42.6	0.7	518.6
Other liabilities to banks	124.4	29.4	–	3.6	7.6	0.2	165.2
Bond 2025	597.3	–	–	–	–	0.9	598.2
Bond 2029	–	498.6	–	–	–	−1.5	497.1
Bond (with Warrants) 2022	398.3	–	–	–	31.5	7.2	437.0
Derivative financial instruments	11.4	–	–	–	−0.6	10.7	21.5
Other financial liabilities	30.2	−4.6	–	39.3	3.0	24.2	92.1
Financial liabilities	**1,639.4**	**520.9**	**–**	**42.9**	**84.1**	**42.4**	**2,329.7**
Lease liabilities	426.7	−119.6	94.4	26.2	18.1	−0.2	445.6
Total	**2,066.1**	**401.3**	**94.4**	**69.1**	**102.2**	**42.2**	**2,775.3**
Dividends paid to Brenntag shareholders		−208.6					
Profits distributed to non-controlling interests		−2.1					
Settlement of liabilities relating to acquisition of non-controlling interests		−16.5					
Net cash provided by financing activities		**174.1**					

D.82 CHANGE IN FINANCIAL LIABILITIES IN 2021

in EUR m	Dec. 31, 2019	Net cash used in financing activities	Non-cash changes in lease liabilities	Business combinations in accordance with IFRS 3	Exchange rate differences	Other	Dec. 31, 2020
Liabilities under syndicated loan	862.1	−340.0	–	–	−43.3	−1.0	477.8
Other liabilities to banks	220.1	−83.1	–	4.2	−16.8	–	124.4
Bond 2025	596.4	–	–	–	–	0.9	597.3
Bond (with Warrants) 2022	429.8	–	–	–	−36.9	5.4	398.3
Derivative financial instruments	6.2	–	–	–	−0.4	5.6	11.4
Other financial liabilities	46.0	−3.9	–	−0.1	−3.3	−8.5	30.2
Financial liabilities	**2,160.6**	**−427.0**	**–**	**4.1**	**−100.7**	**2.4**	**1,639.4**
Lease liabilities	420.2	−114.0	142.6	3.3	−25.4	–	426.7
Total	**2,580.8**	**−541.0**	**142.6**	**7.4**	**−126.1**	**2.4**	**2,066.1**
Dividends paid to Brenntag shareholders		−193.1					
Profits distributed to non-controlling interests		−1.5					
Net cash used in financing activities		**−735.6**					

D.83 CHANGE IN FINANCIAL LIABILITIES IN 2020

29.) Segment reporting

Since January 1, 2021, the Brenntag Group has been managed through two global divisions, Brenntag Essentials and Brenntag Specialties, which are each managed through geographically structured segments. Brenntag Essentials markets a broad portfolio of process chemicals across a wide range of industries and applications. Brenntag Specialties focuses on selling ingredients and value-added services to the selected industries, Nutrition, Pharma, Personal Care / HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants. The global Brenntag Essentials division comprises the geographical segments EMEA, North America, Latin America and APAC. The global Brenntag Specialties division comprises the geographical segments EMEA, Americas and APAC. Brenntag Business Services were introduced to support the two divisions, harmonize internal processes and intensify global collaboration. They have been allocated to “All other Segments”. In addition, “All other Segments” combine the central functions for the entire Group and the activities with regard to the digitalization of our business. The international operations of BRENNTAG International Chemicals GmbH, which buys and sells chemicals in bulk on an international scale without regional boundaries, are also included here.

The key indicator and measure for the financial performance of the Brenntag Group is operating EBITDA. Brenntag uses this indicator to manage the segments, as it reflects the performance of our business operations well and is a key component of cash flow.

Our aim is to continually grow operating EBITDA throughout the business cycle. It is the operating profit as recorded in the consolidated income statement plus amortization of intangible assets as well as depreciation of property, plant and equipment, right-of-use assets and investment property, adjusted for certain items.

Brenntag adjusts operating EBITDA for holding charges and for income and expenses arising from special items so as to improve comparability in presenting the performance of its business operations over multiple reporting periods and explain it more appropriately. Holding charges are certain costs charged between holding companies and operating companies. At Group level, these effects net to zero. Special items are income and expenses outside ordinary activities that have a special and material effect on the results of operations.

There are no significant non-cash items in the reporting period.

Impairment losses on property, plant and equipment in the amount of EUR 4.3 million (2020: EUR 0.4 million) relate mainly to the EMEA (BES) segment. Impairment losses on intangible assets in the amount of EUR 51.9 million (2020: EUR 1.4 million) relate to "All other Segments".

Non-current assets comprise property, plant and equipment, right-of-use assets and intangible assets. Non-current assets are allocated to the different countries as follows:

	Property, plant and equipment		Right-of-use assets		Intangible assets[1]	
in EUR m	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Germany	82.2	88.7	54.4	57.4	17.2	25.2
USA	351.8	312.7	175.2	153.2	63.0	34.3
Singapore	64.7	81.2	21.2	19.2	2.4	9.1
Canada	86.3	85.0	17.1	11.2	6.1	9.4
United Kingdom	48.5	42.4	37.8	35.8	14.8	27.2
France	90.0	88.5	10.7	14.0	0.5	1.0
Switzerland	39.0	44.7	1.6	0.7	0.3	0.4
Italy	54.1	54.0	26.3	22.3	3.0	0.3
Spain	47.5	49.8	10.2	10.3	0.2	1.0
China	103.1	35.3	2.4	2.4	20.9	0.4
Others	269.1	282.0	79.6	85.7	30.1	61.6
Total	**1,236.3**	**1,164.3**	**436.5**	**412.2**	**158.5**	**169.9**

D.84 NON-CURRENT ASSETS BY COUNTRY

[1] Intangible assets excluding goodwill and "Brenntag" trademark.

The allocation of external sales to the different countries is shown in the following table:

	External sales	
in EUR m	**2021**	**2020**
Germany	1,538.2	1,091.3
USA	4,580.7	3,761.4
Canada	558.8	482.8
France	476.4	421.9
Italy	599.8	453.0
United Kingdom	596.1	532.2
Poland	514.9	430.6
China	573.2	345.0
Others	4,944.4	4,276.6
Total	**14,382.5**	**11,794.8**

D.85 EXTERNAL SALES BY COUNTRY

30.) Other financial obligations and contingent liabilities

As at December 31, 2021, purchase commitments in respect of property, plant and equipment amounted to EUR 6.6 million (Dec. 31, 2020: EUR 2.1 million) and, as in the previous year, had a remaining term of one year or less. Information on lease obligations as at December 31, 2021 can be found in the sections entitled Leases and Reporting of financial instruments.

In connection with the elimination of environmental damage, as at December 31, 2021, there were contingent liabilities with a fair value of EUR 5.0 million (Dec. 31, 2020: EUR 2.4 million).

31.) Legal proceedings and disputes

Brenntag SE and individual subsidiaries have been named as defendants in various legal actions and proceedings arising in connection with their activities as a global group. Sometimes, Brenntag is also the subject of investigations by the authorities. Brenntag cooperates with the relevant authorities and, where appropriate, conducts internal investigations regarding alleged wrongdoings with the assistance of in-house and external counsel.

The decision issued by the French Competition Authority in 2013 in relation to the allocation of customers and coordination of prices was set aside by a court of appeal due to procedural errors at Brenntag's request in February 2017. In December 2020, the court imposed a fine of EUR 47 million. Brenntag has lodged an appeal against the decision. Regarding the investigation also ongoing at the French Competition Authority concerning whether BRENNTAG SA has illegally made use of its market position, a decision by the Authority is still pending. Based on current knowledge, Brenntag assumes that claims for civil liability arising from the above-mentioned proceedings are not sufficiently substantiated.

An ERISA (Employment Retirement Income Security Act) class action lawsuit has been filed against Brenntag North America et al. in connection with the management of the company's 401(k) Plan. A settlement was reached, bringing the proceedings to a close.

As a global company, Brenntag has to comply with the country-specific tax laws and regulations in each jurisdiction. Tax exposures could result in particular from current and future tax audits of our German and foreign subsidiaries. These exposures are generally reflected in the balance sheet by recognizing provisions.

The German Group companies Brenntag GmbH and BCD Chemie GmbH are currently the subject of routine reviews of the tax on alcohol and energy being conducted by the German customs authorities for the years 2014 to 2018. Brenntag is cooperating with the customs authorities. In May 2021, Brenntag GmbH received a tax decision notice in the amount of EUR 63.1 million following the completion of the review for 2016. In addition, in December 2021, decisions were issued for BCD Chemie GmbH for 2014 and 2015 in the amount of EUR 30.9 million. Although our legal opinion differs from the opinion of the authority, we recognized this amount in the balance sheet as a precaution in the first and fourth quarters and made the payments in the second and fourth quarters of 2021. Brenntag GmbH and BCD Chemie GmbH have sought legal redress against these decisions. The findings of the review relate only to formal errors. At no time were there doubts concerning the tax-free use of alcoholic products by our customers. We believe that, in most cases, we will be successful in seeking legal redress. The authorities are continuing their reviews of BCD Chemie GmbH for 2016 to 2017 and of

Brenntag GmbH for 2017 to 2018. Also considering the above-mentioned appeal, it is not possible at present to conclusively predict whether further tax assessments will be made. The companies have taken the precaution of recognizing a total of EUR 81.5 million in the balance sheet for the outstanding years under review. With the support of external experts on excise duties, Brenntag is currently examining the extent to which comparable excise duty risks also exist in other European countries and will implement any organizational changes necessary without delay.

Given the number of legal disputes and other proceedings that Brenntag is involved in, it is possible that a ruling may be made against Brenntag in some of these proceedings. The company contests actions and proceedings where it considers it appropriate. Provisions are established for ongoing legal disputes on the basis of the estimated risk and, if necessary, with the help of external consultants. It is very difficult to predict the outcome of such matters, particularly in cases in which claimants seek indeterminate compensation. Any adverse decisions rendered in such cases may have material effects on Brenntag's net assets, financial position and results of operations for a reporting period. However, Brenntag currently does not expect its net assets, financial position and results of operations to be materially affected.

32.) Reporting of financial instruments

CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORY

The financial assets recognized in the balance sheet were allocated to the IFRS 9 measurement categories as follows:

in EUR m	Dec. 31, 2021			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	705.0	–	705.0	705.0
Trade receivables	2,290.2	–	2,290.2	2,290.2
Other receivables	106.3	–	106.3	106.3
Other financial assets	33.6	15.2	48.8	48.8
Total	**3,135.1**	**15.2**	**3,150.3**	**3,150.3**

D.86 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2021

[1] Financial assets at fair value through profit or loss.

in EUR m	Dec. 31, 2020			
Classification of financial assets:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Cash and cash equivalents	726.3	–	726.3	726.3
Trade receivables	1,597.5	–	1,597.5	1,597.5
Other receivables	108.5	–	108.5	108.5
Other financial assets	26.0	5.5	31.5	31.5
Total	**2,458.3**	**5.5**	**2,463.8**	**2,463.8**

D.87 CLASSIFICATION OF FINANCIAL ASSETS BY MEASUREMENT CATEGORY / DEC. 31, 2020

[1] Financial assets at fair value through profit or loss.

The majority of the financial assets measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date approximate their fair values.

Of the other receivables recognized in the balance sheet, EUR 168.3 million (Dec. 31, 2020: EUR 109.8 million) are not financial assets as defined by IFRS 7. They are mainly receivables from value-added tax and other taxes, prepaid expenses and prepayments.

The classification and measurement of the financial liabilities recognized in the balance sheet are shown in the table below:

in EUR m	Dec. 31, 2021			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,802.3	–	1,802.3	1,802.3
Other liabilities	233.3	–	233.3	233.3
Liabilities relating to acquisition of non-controlling interests	216.2	–	216.2	217.0
Financial liabilities	2,288.6	41.1	2,329.7	2,356.6
Total	**4,540.4**	**41.1**	**4,581.5**	**4,609.2**

D.88 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2021

[1] Financial liabilities at fair value through profit or loss.

in EUR m	Dec. 31, 2020			
Classification of financial liabilities:	At amortized cost	FVTPL[1]	Total carrying amount	Fair value
Trade payables	1,229.8	–	1,229.8	1,229.8
Other liabilities	247.3	–	247.3	247.3
Liabilities relating to acquisition of non-controlling interests	128.2	–	128.2	132.5
Financial liabilities	1,626.6	12.8	1,639.4	1,723.9
Total	**3,231.9**	**12.8**	**3,244.7**	**3,333.5**

D.89 CLASSIFICATION OF FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY / DEC. 31, 2020

[1] Financial liabilities at fair value through profit or loss.

The majority of the trade payables and other liabilities measured at amortized cost have remaining terms of less than one year. Their carrying amounts at the reporting date therefore approximate their fair values. The fair values of the bonds measured at amortized cost under financial liabilities were determined using quoted or market prices in an active market (Level 1 of the fair value hierarchy). The fair values of the other financial liabilities measured at amortized cost were determined using the discounted cash flow method on the basis of inputs observable on the market (Level 2 of the fair value hierarchy). The liabilities relating to the acquisition of non-controlling interests were determined on the basis of recognized company valuation models. The company valuation models are based on cash flow plans (Level 3 of the fair value hierarchy). The fair values of foreign exchange forwards and foreign exchange swaps are determined by comparing forward rates and discounted to present value (Level 2 of the fair value hierarchy).

The fair value of the cross-currency interest rate swaps is determined in two steps. First, the expected future cash flows are discounted using maturity-matched market interest rates according to the currency. In the second step, the cash flows discounted in foreign currency (US dollar) are then translated into the reporting currency (EUR) at market exchange rates (Level 2 of the fair value hierarchy). The value of a call option to acquire non-controlling interests is calculated from the intrinsic value and the time value of the option. The intrinsic value of the call option is calculated as the difference between the enterprise value and the strike price. The time value reflects the optionality of movements in the future strike price and the future enterprise value of the non-controlling interests. This is illustrated by way of a Monte Carlo simulation and the fair value of the option then determined (Level 3 of the fair value hierarchy).

Of the other liabilities recognized in the balance sheet, EUR 346.3 million (Dec. 31, 2020: EUR 244.9 million) are not financial liabilities as defined by IFRS 7. They are mainly liabilities to employees, liabilities from value-added tax and other taxes, as well as deferred income.

The allocation of the financial assets and liabilities recognized in the balance sheet at fair value to the levels of the IFRS 13 fair value hierarchy is shown in the table below:

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2021**
Financial assets at fair value through profit or loss	1.7	9.6	3.9	15.2
Financial liabilities at fair value through profit or loss	–	21.5	19.6	41.1

D.90 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2021

in EUR m

Hierarchy level	Level 1	Level 2	Level 3	**Dec. 31, 2020**
Financial assets at fair value through profit or loss	1.8	3.7	–	5.5
Financial liabilities at fair value through profit or loss	–	11.3	1.5	12.8

D.91 FINANCIAL INSTRUMENTS ACCORDING TO FAIR VALUE HIERARCHY / DEC. 31, 2020

Liabilities resulting from contingent consideration arrangements of EUR 19.6 million (Dec. 31, 2020: EUR 1.5 million) relate to liabilities for contingent purchase prices payable in business combinations. The amount of the contingent purchase price component required to be recognized at fair value is contingent on the earnings achieved by the acquired business and is limited in both the lower (EUR 0 million) and the upper (EUR 20.9 million) range.

Liabilities resulting from contingent consideration arrangements changed as follows:

in EUR m	2021	2020
Jan. 1	**1.5**	**0.5**
Exchange rate differences	0.8	–
Business combinations	17.3	1.0
Dec. 31	**19.6**	**1.5**

D.92 CHANGE IN LIABILITIES RESULTING FROM CONTINGENT CONSIDERATION ARRANGEMENTS

The call option to acquire non-controlling interests was initially recognized at December 31, 2021 in the amount of EUR 3.9 million on the basis of the mean of the Monte Carlo simulations. The minimum is EUR 0 million and the maximum EUR 15.6 million.

The net gains/losses from financial assets and liabilities broken down into measurement categories are as follows:

in EUR m	2021								
	Interest			At fair value		Currency translation			
Measurement category:	Income	Expense	Change in liabilities relating to acquisition of non-controlling interests and call option recognized in profit or loss	Gains	Losses	Gains	Losses	Impairments, net	**Net gain/loss**
Financial assets measured at amortized cost	4.5	–	–	–	–	52.6	−75.3	−7.5	−25.7
Financial liabilities measured at amortized cost	–	−47.7	−32.2	–	–	50.1	−53.9	–	−83.7
FVTPL[1]	–	−2.3	3.9	65.3	−42.0	–	–	–	24.9
Total	**4.5**	**−50.0**	**−28.3**	**65.3**	**−42.0**	**102.7**	**−129.2**	**−7.5**	**−84.5**

D.93 NET GAINS/LOSSES FROM FINANCIAL ASSETS AND LIABILITIES/2021

[1] Financial assets and liabilities at fair value through profit or loss.

in EUR m	2020								
	Interest			At fair value		Currency translation			
Measurement category:	Income	Expense	Change in liabilities relating to acquisition of non-controlling interests recognized in profit or loss	Gains	Losses	Gains	Losses	Impairments, net	**Net gain / loss**
Financial assets measured at amortized cost	3.6	–	–	–	–	108.1	−120.5	−8.9	−17.7
Financial liabilities measured at amortized cost	–	−53.7	0.4	–	–	46.0	−66.1	–	−73.4
FVTPL[1]	–	–	–	62.6	−45.3	–	–	–	17.3
Total	**3.6**	**−53.7**	**0.4**	**62.6**	**−45.3**	**154.1**	**−186.6**	**−8.9**	**−73.8**

D.94 NET GAINS / LOSSES FROM FINANCIAL ASSETS AND LIABILITIES / 2020

[1] Financial assets and liabilities at fair value through profit or loss.

Of the interest expense on liabilities to third parties contained in interest expense, EUR 1.3 million (2020: EUR 1.0 million) is interest expense which is not part of the effective interest on financial liabilities measured at amortized cost.

With the exception of valuation allowances on trade receivables and other receivables, net gains and losses on subsequent measurement are presented within net finance costs.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The gross amounts of financial assets and liabilities are offset on the basis of netting arrangements in the balance sheet as follows or they are subject to enforceable master netting arrangements or similar agreements that do not meet the requirements for offsetting in the balance sheet:

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	**Dec. 31, 2021 Net amount**
Trade receivables	2,310.9	−20.7	2,290.2	−5.2	2,285.0
Other financial assets	48.8	–	48.8	−1.6	47.2
Trade payables	1,810.9	−8.6	1,802.3	−5.2	1,797.1
Other liabilities	591.5	−12.1	579.4	−1.6	577.8
Financial liabilities	2,329.7	–	2,329.7	–	2,329.7

D.95 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2021

in EUR m	Gross amounts of financial assets and liabilities	Offsetting	Carrying amounts in the balance sheet	Enforceable master netting arrangements and similar arrangements	**Dec. 31, 2020 Net amount**
Trade receivables	1,611.8	−14.3	1,597.5	−2.2	1,595.3
Other financial assets	31.5	–	31.5	−0.6	30.9
Trade payables	1,236.5	−6.7	1,229.8	−2.2	1,227.6
Other liabilities	499.8	−7.6	492.2	–	492.2
Financial liabilities	1,639.4	–	1,639.4	−0.6	1,638.8

D.96 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES / DEC. 31, 2020

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

According to IFRS 7, risks arising from financial instruments can typically be divided into currency risk, interest rate risk, credit risk and liquidity risk.

The sources of as well as the processes and policies used to manage these risks are described in detail in the section “Financial risks and opportunities” in the Group management report.

Currency risk

Currency risks arise particularly when monetary items or contracted future transactions are in a currency other than the functional currency of a company. Foreign exchange forwards and foreign exchange swaps are used as hedging instruments. The derivative financial instruments used have maturities of less than one year and are not included in hedge accounting. If the euro had been worth 10% more or less against all currencies as at December 31, 2021, translation of monetary items in foreign currency into the Group currency, the euro, allowing for the foreign exchange forward transactions and foreign exchange swaps still open on December 31, 2021, would have resulted in the following changes in net finance costs:

	2021		**2020**	
in EUR m	**+10%**	**–10%**	+10%	–10%
USD	−3.7	4.5	−2.8	3.4
GBP	0.6	−0.7	0.4	−0.4
PLN	0.4	−0.4	0.2	−0.2
Other currencies	0.8	−1.1	1.1	−1.4
Total	**−1.9**	**2.3**	**−1.1**	**1.4**

D.97 SENSITIVITY ANALYSIS CURRENCY RISK

Liabilities relating to the acquisition of non-controlling interests in Raj Petro, TEE HAI and Zhongbai Xingye are in each case included in a net investment hedge in accordance with IFRS 9.5.2 (c). The hedged items are the share of the net assets of Raj Petro, TEE HAI and Zhongbai Xingye attributable to Brenntag. Exchange rate-related changes in the liabilities are recognized within equity in the net investment hedge reserve. An economic relationship exists in each case, as the hedging instrument and the hedged item have values that move in the opposite direction because of a change in the hedged currency risk. Any increase (decrease) in the Indian rupee (INR), Singapore dollar (SGD) or Chinese yuan renminbi (CNY) against the euro leads to an increase (decrease) in the net assets and an increase (decrease) in the INR-, SGD- or CNY-denominated liabilities. The effectiveness of the hedging relationships was determined at inception of the hedging relationships and is regularly determined on a retrospective basis to ensure that there is an economic relationship between the hedged item and the hedging instrument. There was no hedge ineffectiveness as at December 31, 2021. If the euro had been worth 10% more or less against the Indian rupee (INR) as at December 31, 2021, the net investment hedge reserve would have increased by EUR 4.2 million (Dec. 31, 2020: EUR 3.1 million) or decreased by EUR 4.2 million (Dec. 31, 2020: EUR 3.1 million). If the euro had been worth 10% more or less against the Singapore dollar (SGD) as at December 31, 2021, the net investment hedge reserve would have increased by EUR 6.7 million (Dec. 31, 2020: EUR 4.8 million) or decreased by EUR 6.7 million (Dec. 31, 2020: EUR 4.8 million). If the euro had been worth 10% more or less against the Chinese yuan renminbi (CNY) as at December 31, 2021, the net investment hedge reserve would have increased by EUR 7.3 million or decreased by EUR 7.3 million.

Net investment hedges at Dec. 31, 2021	TEE HAI	Raj Petro	Zhongbai Xingye
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in EUR m	66.8	41.5	72.9
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in local currency (SGD, INR or CNY m)	97.5	3,034.0	496.9
Hedge ratio	1:1	1:1	1:1
Hedge rate EUR/SGD, EUR/INR or EUR/CNY	1.6218	89.661	7.6244
Change in carrying amount (in net investment hedge reserve)	−3.7	−2.1	−3.9
Change in value of hedged item used to determine hedge effectiveness	3.7	2.1	3.9

D.98 NET INVESTMENT HEDGES DEC. 31, 2021

Net investment hedges at Dec. 31, 2020	TEE HAI	Raj Petro
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in EUR m	48.0	31.1
Carrying amount of the portion of the liability relating to the acquisition of non-controlling interests included in the net investment hedge in local currency (SGD or INR m)	77.8	2,791.2
Hedge ratio	1:1	1:1
Hedge rate EUR/SGD or EUR/INR	1.5111	80.1870
Change in carrying amount (in net investment hedge reserve)	4.3	2.1
Change in value of hedged item used to determine hedge effectiveness	−4.3	−2.1

D.99 NET INVESTMENT HEDGES DEC. 31, 2020

In October 2021, Brenntag Finance B.V., Amsterdam/Netherlands issued a EUR 500 million bond (Bond 2029). Brenntag Finance B.V. swapped most of the proceeds from the Bond 2029 for US dollars by way of cross-currency interest rate swaps and passed them on to Brenntag North America, Inc., Reading, USA as an intra-Group loan. The intra-Group loan and the cross-currency interest rate swaps were included in cash flow hedge accounting so as to limit currency and interest rate risk in the consolidated financial statements.

Critical terms matching is used to assess the effectiveness of the hedging relationship. The economic relationship between hedged items and hedging instruments results from closely aligned terms. The cross-currency basis is not part of the hedging relationship and is recognized in a separate component of equity as a reserve for costs of hedging. The ineffective portions of the hedging relationship are determined using the hypothetical derivative method. They result mainly from counterparty risk and, if necessary, are recognized in profit or loss within net interest expense. In financial year 2021, this resulted in interest expense of EUR 0.7 million.

The following table shows the changes in equity resulting from the hedging relationship:

in EUR m	Cash flow hedge reserve	Reserve for costs of hedging	Total	Deferred tax	Cash flow hedge reserve incl. deferred tax
Dec. 31, 2020	**–**	**–**	**–**	**–**	**–**
Changes in the fair value of hedging instruments and hedging costs	−21.5	7.2	−14.3	–	−14.3
Reclassification to profit or loss	13.4	−0.2	13.2	–	13.2
Deferred tax relating to those items	–	–	–	0.3	0.3
Dec. 31, 2021	**−8.1**	**7.0**	**−1.1**	**0.3**	**−0.8**

D.100 CHANGE IN CASH FLOW HEDGE RESERVE IN 2021

One significant component in the fair value measurement of the cross-currency interest rate swaps is the exchange rate of the underlying currencies (EUR/USD). As the exchange rate component – moving in the opposite direction to the hedged item – is designated as part of the hedging relationship, ceteris paribus, an assumed change in the exchange rate leads only to a change in the cash flow hedge reserve. If the euro had been worth 10% more or less against the US dollar as at December 31, 2021, the cash flow hedge reserve would have increased by EUR 1.7 million or decreased by EUR 2.1 million.

Interest rate risk

Interest rate risks can occur due to changes in market interest rates. The risks result from changes in the fair values of fixed-rate financial instruments or from changes in the cash flows of variable-rate financial instruments.

If the market interest rate at December 31, 2021 had been 25 basis points (2020: 25 basis points) higher or lower (relative to the total amount of variable-rate financial liabilities as at December 31, 2021), the negative impact on net finance costs would have been EUR 1.7 million or the positive impact EUR 1.7 million (2020: negative impact of EUR 1.5 million or positive impact of EUR 1.4 million).

Interest rate-related fair value changes in the cross-currency interest rate swaps have no impact on net income for the financial year due to the agreed swap rates and hedge accounting. If the euro market interest rate at December 31, 2021 had been 25 basis points higher or lower, the cash flow hedge reserve would have decreased by EUR 8.6 million or increased by EUR 8.8 million.

Credit risk

Non-derivative financial instruments entail credit risk when contractually agreed payments are not made by the contracting parties. The maximum credit risk on non-derivative financial instruments corresponds to their carrying amounts. The expected credit risk from individual receivables is allowed for by recognizing write-downs of the assets (see also Note 12.).

With the derivative financial instruments used, the maximum credit risk is the total of all positive fair values of these instruments as, in the event of non-performance by the contracting parties, losses on assets would be restricted to this amount.

Liquidity risk

Liquidity risk is the risk that the Brenntag Group may in future not be able to meet its contractual payment obligations. Due to the fact that the Brenntag Group's business is not subject to any pronounced seasonal fluctuations, there is relatively little fluctuation in liquidity during the financial year.

To ensure that the Brenntag Group can pay at all times, it not only has appropriate liquidity reserves in the form of cash and cash equivalents but also credit lines under the syndicated loan which can be utilized as needed. In order to identify the liquidity risks, the Group has a multi-annual liquidity plan which is regularly reviewed and adjusted if necessary.

In certain countries e.g. South Africa (EUR 27.3 million), China (EUR 24.3 million) and India (EUR 9.6 million), Brenntag has local cash and cash equivalents at its disposal for cross-border transfers only subject to the applicable restrictions on foreign exchange transactions.

The undiscounted cash flows resulting from financial liabilities are shown in the following table:

		Cash flows 2022–2027 ff.					
in EUR m	**Carrying amount Dec. 31, 2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027 ff.**
Trade payables	1,802.3	1,805.7	–	–	–	–	–
Other liabilities	579.4	651.7	2.1	–	–	–	4.3
Liabilities relating to acquisition of non-controlling interests	216.2	90.6	46.4	78.7	11.6	–	–
Liabilities under syndicated loan	518.6	6.8	6.8	519.1	–	–	–
Other liabilities to banks	165.2	164.8	0.4	–	–	–	–
Bond 2025	598.2	6.8	6.8	6.8	606.8	–	–
Bond 2029	497.1	2.5	2.5	2.5	2.5	2.5	502.5
Bond (with Warrants) 2022	437.0	449.8	–	–	–	–	–
Lease liabilities	445.6	121.8	90.3	69.3	53.0	32.3	132.7
Derivative financial instruments	21.5						15.2
of which cash inflows	–	492.7	–	–	–	–	–
of which cash outflows	–	501.9	–	–	–	–	–
Other financial liabilities	92.1	65.7	12.3	7.4	3.9	2.9	–
Total	**5,373.2**	**3,375.4**	**167.6**	**683.8**	**677.8**	**37.7**	**654.7**

D.101 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2021

in EUR m	Carrying amount Dec. 31, 2020	Cash flows 2021–2026 ff. 2021	2022	2023	2024	2025	2026 ff.
Trade payables	1,229.8	1,229.8	–	–	–	–	–
Other liabilities	492.2	483.7	5.7	2.7	–	–	0.1
Liabilities relating to acquisition of non-controlling interests	128.2	18.6	80.0	37.8	2.1	–	–
Liabilities under syndicated loan	477.8	6.8	6.8	6.8	479	–	–
Other liabilities to banks	124.4	122.8	1.4	0.2	–	–	–
Bond 2025	597.3	6.8	6.8	6.8	6.8	606.8	–
Bond (with Warrants) 2022	398.3	7.6	411.3	–	–	–	–
Lease liabilities	426.8	108.4	84.1	63.4	49.1	35.7	138.6
Derivative financial instruments	11.4						
of which cash inflows	–	663.5	–	–	–	–	–
of which cash outflows	–	675.7	–	–	–	–	–
Other financial liabilities	30.2	14.1	4.4	7.9	1.4	1.3	1.1
Total	**3,916.4**	**2,010.8**	**600.5**	**125.6**	**538.4**	**643.8**	**139.8**

D.102 FUTURE CASH FLOWS FROM FINANCIAL LIABILITIES / DEC. 31, 2020

Derivative financial instruments

The notional amount and fair values of derivative financial instruments are shown in the table below:

in EUR m	Dec. 31, 2021 Notional amount	Dec. 31, 2021 Positive fair value	Dec. 31, 2021 Negative fair value	Dec. 31, 2020 Notional amount	Dec. 31, 2020 Positive fair value	Dec. 31, 2020 Negative fair value
Foreign exchange forward transactions and foreign exchange swaps not included in hedge accounting	792.6	8.4	6.3	848.4	3.7	11.3
Cross-currency interest rate swaps included in hedge accounting	429.7	–	15.2	–	–	–
Call option	13.6	3.9	–	–	–	–

D.103 DERIVATIVE FINANCIAL INSTRUMENTS

33.) Related parties

In the course of its normal business activities, Brenntag SE also obtains services from and provides services for related entities. These related entities are the subsidiaries included in the consolidated financial statements as well as associates accounted for using the equity method and their subsidiaries.

The following transactions with related parties were performed on terms equivalent to those that prevail in arm's length transactions:

in EUR m	2021	2020
Sales from transactions with associates	1.5	1.1
Goods delivered and services rendered by associates	0.5	1.0

D.104 TRANSACTIONS WITH RELATED PARTIES

in EUR m	Dec. 31, 2021	Dec. 31, 2020
Trade receivables from associates	0.3	0.1
Trade payables to associates	–	0.1

D.105 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

The transactions of Brenntag SE with subsidiaries included in the consolidated financial statements as well as between included subsidiaries have been eliminated.

Related persons are the members of the Board of Management and the Supervisory Board of Brenntag SE and members of their families.

REMUNERATION OF THE BOARD OF MANAGEMENT

The total remuneration of the Board of Management consists of three components: a fixed Annual Base Salary, short-term, capped variable cash remuneration (Annual Bonus) and long-term, capped variable remuneration (Long-Term Incentive Bonus). In addition to the above-mentioned remuneration components, the members of the Board of Management receive pension benefits, contractually agreed benefits in kind and other benefits.

The Annual Base Salary is payable in twelve equal monthly instalments. If the service agreement begins or ends during a financial year, the Annual Base Salary for that financial year is payable on a pro rata temporis basis.

The Annual Bonus depends on Brenntag's business success in the past financial year. It is calculated based on achievement of the targets set for specific key performance indicators for the financial year. Under the Remuneration System 2015, the key performance indicators are operating EBITDA (70 %), working capital turnover (WCT; 15%) and conversion ratio (operating EBITDA / operating gross profit; 15%). In the case of the Remuneration System 2020, the key performance indicators are organic EBITDA growth, the improvement in working capital turnover and earnings per share growth. An individual performance multiplier is also used to assess the performance of the Board of Management members. The individual performance multiplier is set by the Supervisory Board after each financial year in a range between 0.7 and 1.3.

Details of the long-term, variable remuneration are provided in the section "Other Provisions".

Individual arrangements have been agreed with the members of the Board of Management with regard to building up pension entitlements. One member of the Board of Management receives an annual amount of EUR 300,000 and may decide at his own discretion how to use this money. The annual amount made available is paid in twelve equal monthly instalments, in each case at the end of the month. If the service agreement begins or ends during a financial year, the annual amount for that financial year will be granted on a pro rata temporis basis. For the purpose of building up pension entitlements, the other members of the Board of Management receive an annual amount of 13.5% of their Annual Base Salary and the short-term variable remuneration (on 100% target achievement, i.e.

irrespective of the actual targets achieved). In the case of one member of the Board of Management, the relevant amount is transferred annually into the Deferred Compensation Contingency Plan of Brenntag SE. This plan also contains an arrangement for a widows and orphans pension which would amount to 60% and 20% respectively of the full pension entitlements. The pension liability insurance policy taken out with the Board of Management member as beneficiary are pledged to him. Another member of the Board of Management has the option either to use this amount in whole or in part for contributions to his French social insurance or to also pay it annually into the Deferred Compensation Contingency Plan of Brenntag SE. Further members of the Board of Management are paid out the relevant amount for building up pension entitlements every year and may decide at their own discretion how to use this money.

The members of the Board of Management also receive benefits in kind and other benefits, such as a company car, also for private use, or a car allowance and benefits for health care and long-term care insurance.

The following table shows the recognition of the Board of Management remuneration for the Board of Management members serving in each financial year:

in EUR m	2021	2020
Short-term benefits	5.6	3.2
Post-employment benefits	4.8	8.0
Termination benefits	–	0.6
Share-based remuneration	8.5	8.4
Total	**18.9**	**20.2**

D.106 RECOGNIZED OBLIGATION OF BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IFRSS

For the Board of Management members serving in financial year 2021, the present value of defined benefit obligations is EUR 8.7 million (Dec. 31, 2020: EUR 13.2 million) and the fair value of plan assets EUR 3.9 million (Dec. 31, 2020: EUR 2.5 million). In this context, the capitalized surrender value of pension liability insurance is EUR 3.9 million (Dec. 31, 2020: EUR 2.5 million).

in EUR m	2021	2020
Short-term benefits	9.9	7.8
Post-employment benefits (excluding interest expense)	0.8	1.1
Termination benefits	–	4.0
Share-based remuneration	5.6	6.0
Benefits from third parties	–	0.1
Total	**16.3**	**19.0**

D.107 BOARD OF MANAGEMENT REMUNERATION EXPENSE IN ACCORDANCE WITH IFRSS

The service agreements of the Board of Management members end automatically on specified dates without any notice of termination being required. The employment of Board of Management members may only be terminated prematurely for good cause or by mutual agreement. If employment is terminated prematurely, the service agreement limits any severance pay to the value of twice the total annual remuneration, but no more than the amount of remuneration that would be paid until the end of the term of the service agreement. As at December 31, 2021, the maximum amount of severance payable would have been EUR 21.2 million. A post-contractual non-compete clause has been agreed with several Board of Management members who are incentivized under the Remuneration System 2020. The post-contractual non-compete clause applies for a period of 24 months after the termination of the service agreement. During this period, these Board of Management members receive a continuous payment amounting to 75% of their Annual Base Salary. Any earnings pursuant to Section 74c of the German Commercial Code (HGB) are deducted from this payment. There are no separate change-of-control arrangements.

For former members of the Board of Management, the present value of defined benefit obligations is EUR 12.9 million (Dec. 31, 2020: EUR 9.7 million) and the fair value of plan assets EUR 7.2 million (Dec. 31, 2020: EUR 6.6 million). In this context, the capitalized surrender value of pension liability insurance is EUR 7.2 million (Dec. 31, 2020: EUR 6.5 million).

There was no cost of other remuneration awarded to former members in the financial year (2020: EUR 0.3 million).

In accordance with the German Commercial Code (HGB), the total remuneration of the Board of Management members serving in financial year 2021 amounts to EUR 15.3 million (2020: EUR 17.6 million).

Of the total remuneration, an amount of EUR 5.4 million (2020: EUR 5.8 million, in each case the fair value at the grant date) is attributable to share-based remuneration programmes.

Detailed information on the Board of Management remuneration systems and the remuneration of each member of the Board of Management is provided in the remuneration report.

In financial year 2021, the cost of pension commitments (defined benefit plans) under the German Commercial Code (HGB) to former members of the Board of Management amounted to EUR 0.9 million (2020: EUR 0.4 million). In addition, income of EUR 0.3 million was recognized, due mainly to a reduction in remuneration entitlements from the Long-Term Incentive Bonus 2020 that was negotiated in the context of a supplement to the termination agreement.

There was no cost of other remuneration awarded to former members of the Board of Management in accordance with the German Commercial Code (HGB) (2020: EUR 0.3 million).

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board comprises purely fixed remuneration.

The members of the Supervisory Board each receive annual fixed remuneration in the amount of EUR 120k in addition to reimbursement of their expenses. The Chair of the Supervisory Board receives base remuneration of EUR 210k and the deputy chair EUR 150k. The Chair of the Audit Committee receives an additional EUR 85k per year and every other member of the Audit Committee an additional EUR 25k per year. The Chairs of the Presiding and Nomination Committee and the Transformation Committee receive an additional EUR 15k and every other member of the Presiding and Nomination Committee and Transformation Committee an additional EUR 10k per year.

The total remuneration of the members of the Supervisory Board due in the short term amounts to EUR 1.2 million for financial year 2021 (2020: EUR 1.0 million).

The Supervisory Board remuneration system and the remuneration of each member of the Supervisory Board are detailed in the remuneration report.

Apart from the aforementioned, there were no significant transactions with related persons.

34.) Fees for the auditors of the consolidated financial statements

The following fees for the services of the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, were recognized as expenses:

in EUR m	2021	2020
Financial statement audit services	1.8	0.8
Other assurance services	0.1	0.1
Tax advisory services	0.0	0.0
Other services rendered	0.0	0.0
Total	**1.9**	**0.9**

D.108 FEES FOR THE AUDITORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Fees for financial statement audit services for financial year 2021 consist mainly of payments for the statutory audit of the consolidated financial statements, the review of the quarterly reporting and the statutory audit of the annual financial statements of Brenntag SE and its domestic subsidiaries.

Fees for other assurance services in financial year 2021 relate in particular to a comfort letter in connection with the issuance of debt instruments, the engagement to provide assurance on the Brenntag Group's separate combined non-financial report and assurance services related to Brenntag SE's Board of Management remuneration.

35.) Exemptions pursuant to Section 264, para. 3 / Section 264b of the German Commercial Code

For financial year 2021, the following subsidiaries of Brenntag SE are making use of the exemptions pursuant to Section 264, para. 3 and Section 264b of the German Commercial Code:

- Brenntag Holding GmbH, Essen
- Brenntag Germany Holding GmbH, Essen
- Brenntag Foreign Holding GmbH, Essen
- Brenntag Beteiligungs GmbH, Essen
- BRENNTAG GmbH, Duisburg
- BRENNTAG International Chemicals GmbH, Essen
- Brenntag Real Estate GmbH, Essen
- BCD Chemie GmbH, Hamburg
- CLG Lagerhaus GmbH & Co. KG, Essen
- Brenntag European Services GmbH & Co. KG, Zossen
- CM Komplementär 03-018 GmbH & Co. KG, Essen
- CM Komplementär 03-019 GmbH & Co. KG, Essen
- CM Komplementär 03-020 GmbH & Co. KG, Essen
- ACU PHARMA und CHEMIE GmbH, Apolda

36.) Declaration of conformity with the German Corporate Governance Code

On December 14, 2021, the Board of Management and Supervisory Board issued the declaration of conformity with the recommendations of the Government Commission "German Corporate Governance Code" for financial year 2021 as required by Section 161 of the German Stock Corporation Act. The declaration of conformity can be found in the section "To Our Shareholders" in Brenntag SE's 2021 annual report and can also be viewed at any time on the Brenntag SE website (https://corporate.brenntag.com/en/about/corporate-governance/corporate-governance-code/).

37.) Events after the reporting period

We are very closely monitoring the current situation and developments in the war in Ukraine as well as international measures and decisions and regularly conduct a risk assessment on this basis.

We are in constant dialogue with our customers and suppliers in the region, which also enables us to identify any impact on our business and supply chains at an early stage and act accordingly. It is currently impossible to assess whether there will be any far-reaching effects on global economic growth and our business.

Essen, March 3, 2022

Brenntag SE
BOARD OF MANAGEMENT

Dr Christian Kohlpaintner

Henri Nejade

Steven Terwindt

Ewout van Jarwaarde

ANNEX

Annex: List of Shareholdings in Accordance with Section 313, Para. 2 of the German Commercial Code as at December 31, 2021

No.	Company	Domicile	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via no.
1	Brenntag SE	Essen				
CONSOLIDATED SUBSIDIARIES						
Algeria						
2	Alliance Chimie Algerie SPA	Algiers	0.00	100.00	99.94	71
Argentina						
3	Brenntag Argentina S.A.	Buenos Aires	0.00	90.00 10.00	100.00	118 127
Australia						
4	Brenntag Australia Pty. Ltd.	Mulgrave	0.00	100.00	100.00	157
Bangladesh						
5	BRENNTAG BANGLADESH FORMULATION LTD.	Dhaka	0.00	100.00	100.00	118
6	BRENNTAG BANGLADESH LTD.	Dhaka	0.00	100.00	100.00	118
7	BRENNTAG BANGLADESH SERVICES LTD.	Dhaka	0.00	100.00	100.00	6
Belgium						
8	BRENNTAG NV	Deerlijk	0.00	99.99 0.01	100.00	70 44
9	European Polymers and Chemicals Distribution BVBA	Deerlijk	0.00	100.00	100.00	134
Bolivia						
10	Brenntag Bolivia S.R.L.	Santa Cruz	0.00	90.00 10.00	100.00	118 126
Brazil						
11	Brenntag Quimica Brasil Ltda.	Guarulhos, Estado de Sao Paulo	0.00	100.00 0.00	100.00	118 126
12	Quimilog Transportes e Logística Ltda.	Brusque	0.00	100.00	100.00	13
13	Quimisa S.A.	Brusque	0.00	100.00	100.00	11
Bulgaria						
14	BRENNTAG BULGARIA EOOD	Sofia	0.00	100.00	100.00	118
Chile						
15	Brenntag Chile Comercial e Industrial Limitada	Santiago	0.00	95.00 5.00	100.00	118 126
China						
16	Brenntag (Shanghai) Enterprise Management Co., Ltd.	Shanghai	0.00	100.00	100.00	118
17	Brenntag (Zhangjiagang) Chemical Co., Ltd	Zhangjiagang	0.00	100.00	100.00	85
18	Brenntag Cangzhou Chemical Co., Ltd	Cangzhou	0.00	79.40 20.60	100.00	27 85

No.	Company	Domicile	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via no.
19	Guangzhou Fan Ya Jia Rong Trading Co., Ltd.	Guangzhou	0.00	60.00 40.00	100.00	22 26
20	Guangzhou Wellstar Trading Co., Ltd.	Guangzhou	0.00	100.00	100.00	84
21	Shanghai Anyijie Chemical Logistic Co., Ltd.	Shanghai	0.00	100.00	100.00	27
22	Shanghai Jia Rong Trading Co., Ltd.	Shanghai	0.00	100.00	100.00	27
23	Shanghai Wellstar Trading Co., Ltd.	Shanghai	0.00	100.00	100.00	84
24	Shanghai Yi Rong International Trading Co., Ltd.	Shanghai	0.00	75.00 25.00	100.00	22 85
25	Shenzhen Wellstar Trading Co., Ltd.	Shenzhen	0.00	100.00	100.00	84
26	Tianjin Tai Rong Chemical Trading Co., Ltd.	Tianjin	0.00	100.00	100.00	22
27	Tianjin Zhong Yung Chemical Warehousing Co., Ltd.	Tianjin	0.00	100.00	100.00	85
28	ZhongYung (GuangDong) Chemical Distribution Service Co., Ltd	Dongguan	0.00	100.00	100.00	83
29	Zhongbai Food Technology (Shanghai) Co., Ltd	Shanghai	0.00	100.00	67.00 2)	30
30	Zhongbai Xingye Food Technology (Beijing) Co., Ltd	Beijing	0.00	67.00	67.00 2)	118
Costa Rica						
31	Quimicos Holanda Costa Rica S.A.	San José	0.00	100.00	100.00	118
Curaçao						
32	H.C.I. (Curaçao) N.V.	Curaçao	0.00	100.00	100.00	118
33	HCI Shipping N.V.	Curaçao	0.00	100.00	100.00	32
Denmark						
34	Aktieselskabet af 1. Januar 1987	Ballerup	0.00	100.00	100.00	35
35	Brenntag Nordic A/S	Ballerup	0.00	100.00	100.00	118
Germany						
36	ACU PHARMA und CHEMIE GmbH	Apolda	0.00	100.00	100.00	47
37	BBG - Berlin-Brandenburger Lager- und Distributions-gesellschaft Biesterfeld Brenntag mbH	Hoppegarten	0.00	50.00 50.00	100.00	38 47
38	BCD Chemie GmbH	Hamburg	0.00	100.00	100.00	47
39	BRENNTAG GmbH	Duisburg	0.00	100.00	100.00	47
40	BRENNTAG International Chemicals GmbH	Essen	0.00	100.00	100.00	47
41	Blitz 03-1161 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	46
42	Blitz 03-1162 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	54
43	Blitz 03-1163 GmbH	Mülheim an der Ruhr	0.00	100.00	100.00	55
44	Brenntag Beteiligungs GmbH	Essen	0.00	100.00	100.00	49
45	Brenntag European Services GmbH & Co. KG	Zossen	0.00	100.00 0.00	100.00	44 51
46	Brenntag Foreign Holding GmbH	Essen	0.00	100.00	100.00	44
47	Brenntag Germany Holding GmbH	Essen	0.00	100.00	100.00	44
48	Brenntag Global Services GmbH	Zossen	0.00	100.00	100.00	45
49	Brenntag Holding GmbH	Essen	100.00	0.00	100.00	1
50	Brenntag Real Estate GmbH	Essen	0.00	100.00	100.00	44

No.	Company	Domicile	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via no.
51	Brenntag Vermögensmanagement GmbH	Zossen	0.00	100.00	100.00	44
52	CLG Lagerhaus GmbH	Duisburg	0.00	100.00	100.00	47
53	CLG Lagerhaus GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	47 52
54	CM Komplementär 03-018 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	41 46
55	CM Komplementär 03-019 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	42 54
56	CM Komplementär 03-020 GmbH & Co. KG	Essen	0.00	100.00 0.00	100.00	43 55
57	CVB Albert Carl GmbH & Co. KG Berlin	Berlin	0.00	100.00 0.00	51.00	58 61
58	CVH Chemie-Vertrieb GmbH & Co. Hannover KG	Hanover	0.00	51.00 0.00	51.00	47 59
59	CVH Chemie-Vertrieb Verwaltungsgesellschaft mbH	Hanover	0.00	51.00	51.00	47
60	CVM Chemie-Vertrieb Magdeburg GmbH & Co. KG	Magdeburg	0.00	100.00 0.00	51.00	58 61
61	CVP Chemie-Vertrieb Berlin GmbH	Berlin	0.00	100.00	51.00	58
62	Fred Holmberg & Co GmbH i. L.	Hamburg	0.00	100.00	100.00	153
63	ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hüttenheim KG	Düsseldorf	0.00	94.00	94.00 3)	47
Dominican Republic						
64	BRENNTAG CARIBE S.R.L.	Santo Domingo	0.00	100.00 0.00	100.00	118 127
Ecuador						
65	BRENNTAG ECUADOR S.A.	Guayaquil	0.00	100.00 0.00	100.00	118 127
El Salvador						
66	BRENNTAG EL SALVADOR, S.A. DE C.V.	Soyapango	0.00	100.00 0.00	100.00	118 126
Finland						
67	Brenntag Nordic OY	Vantaa	0.00	100.00	100.00	118
France						
68	BRACHEM FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	49
69	BRENNTAG EXPORT SARL	Vitrolles	0.00	100.00	99.94	72
70	BRENNTAG FRANCE HOLDING SAS	Chassieu	0.00	100.00	100.00	68
71	BRENNTAG MAGHREB SAS	Vitrolles	0.00	100.00	99.94	69
72	BRENNTAG SA	Chassieu	0.00	99.94	99.94	70
73	METAUSEL SAS	Chassieu	0.00	100.00	99.94	72
74	Multisol France SAS	Villebon sur Yvette	0.00	100.00	100.00	70
75	Multisol International Services SAS	Sotteville Les Rouen	0.00	80.00 20.00	100.00	70 74
76	SOCIETE COMMERCIALE TARDY ET CIE. SARL	Vitrolles	0.00	51.00	50.97	69
Ghana						
77	Brenntag Ghana Limited	Accra	0.00	100.00	100.00	118

No.	Company	Domicile	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via no.
Greece						
78	Brenntag Hellas Chimika Monoprosopi EPE	Penteli	0.00	100.00	100.00	132
Guatemala						
79	BRENNTAG GUATEMALA S.A.	Guatemala City	0.00	99.97 0.03	100.00	118 127
Guyana						
80	ALPHA CHEMICAL GUYANA INC.	Georgetown	0.00	100.00	100.00[2]	118
Honduras						
81	BRENNTAG HONDURAS, S.A.	San Pedro Sula	0.00	98.51 1.49	100.00	118 127
Hong Kong						
82	Brenntag Chemicals (HK) Pte Limited	Hong Kong	0.00	100.00	100.00	157
83	Hong Kong Dongguan Zhongrong Investment Co Limited	Hong Kong	0.00	100.00	100.00	85
84	WELLSTAR ENTERPRISES (HONG KONG) COMPANY LIMITED	Hong Kong	0.00	100.00	100.00	118
85	Zhong Yung (International) Chemical Co., Limited	Hong Kong	0.00	100.00	100.00	118
India						
86	Brenntag Ingredients (India) Private Limited	Mumbai	0.00	100.00	100.00	157
87	RAJ PETRO SPECIALITIES PRIVATE LIMITED	Mumbai	0.00	65.00	65.00	118
Indonesia						
88	PT. Brenntag	Jakarta Selatan	0.00	100.00	100.00	157
89	PT. Dharmala HCI i. L.	Jakarta	0.00	91.14	91.14	118
Ireland						
90	Brenntag Chemicals Distribution (Ireland) Limited	Dublin	0.00	100.00	100.00	223
Italy						
91	AQUADEPUR SRL	Cogliate	0.00	100.00	100.00[2]	92
92	BRENNTAG S.P.A.	Assago	0.00	100.00	100.00	118
93	COMELT S.p.A.	Assago	0.00	100.00	100.00[2]	92
Canada						
94	ALPHA CHEMICAL LIMITED	Dartmouth	0.00	100.00	100.00[2]	95
95	BRENNTAG CANADA INC.	Toronto	0.00	100.00	100.00	129
96	CCC Chemical Distribution Inc.	Toronto	0.00	100.00	100.00	95
Kenya						
97	Brenntag Kenya Limited	Nairobi	0.00	100.00	100.00	118
Columbia						
98	BRENNTAG COLOMBIA S.A.	Bogotá D.C.	0.00	94.87 4.15 0.41 0.38 0.19	100.00	118 126 129 127 123
99	BRENNTAG COLOMBIA ZONA FRANCA S.A.S.	Barranquilla	0.00	100.00	100.00	98
100	CONQUIMICA SAS	Itagui	0.00	100.00	100.00	98

No.	Company	Domicile	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via no.
Croatia						
101	BRENNTAG HRVATSKA d.o.o.	Zagreb	0.00	100.00	100.00	132
Latvia						
102	SIA BRENNTAG LATVIA	Riga	0.00	100.00	100.00	141
103	SIA DIPOL BALTIJA	Riga	0.00	100.00	100.00	203
Lithuana						
104	UAB BRENNTAG LIETUVA	Kaunas	0.00	100.00	100.00	141
Malaysia						
105	BRENNTAG BUSINESS SERVICES SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	118
106	BRENNTAG MALAYSIA SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	118
107	BRENNTAG SDN. BHD.	Kuala Lumpur	0.00	100.00	100.00	157
108	Brenntag Chemicals Malaysia Sdn. Bhd.	Kuala Lumpur	0.00	100.00	100.00	118
Morocco						
109	ALCOCHIM MAROC S.A.R.L.	Casablanca	0.00	100.00	99.94	71
110	BRENNTAG MAROC S.A.R.L associé unique	Casablanca	0.00	100.00	99.94	71
Mauritius						
111	Brenntag Chemicals Mauritius Limited	Port Louis	0.00	100.00	100.00	118
112	Multisol Mauritius Limited	Port Louis	0.00	100.00	100.00	227
Mexico						
113	AMCO INTERNACIONAL S.A. DE C.V.	Mexico City	0.00	100.00 0.00	100.00	114 115
114	BRENNTAG MÉXICO, S.A. DE C.V.	Cuautitlan Izcalli	0.00	100.00 0.00	100.00	118 126
115	BRENNTAG PACIFIC, S. DE R.L. DE C.V.	Tijuana	0.00	99.00 1.00	100.00	199 197
New Zealand						
116	BRENNTAG NEW ZEALAND LIMITED	Wellington	0.00	100.00	100.00	157
Nicaragua						
117	BRENNTAG NICARAGUA, S.A.	Managua	0.00	100.00 0.00	100.00	118 127
Netherlands						
118	BRENNTAG (Holding) B.V.	Amsterdam	0.00	74.00 26.00	100.00	122 46
119	BRENNTAG Coöperatief U.A.	Amsterdam	0.00	99.00 1.00	100.00	197 196
120	BRENNTAG Dutch C.V.	Amsterdam	0.00	99.90 0.10	100.00	118 126
121	Brenntag Finance B.V.	Amsterdam	0.00	100.00	100.00	118
122	Brenntag HoldCo B.V.	Amsterdam	0.00	100.00	100.00	49
123	Brenntag Nederland B.V.	Dordrecht	0.00	100.00	100.00	118
124	Brenntag Vastgoed B.V.	Dordrecht	0.00	100.00	100.00	123
125	DigiB B.V.	Amsterdam	0.00	100.00	100.00	118
126	H.C.I. Chemicals Nederland B.V.	Amsterdam	0.00	100.00	100.00	118
127	HCI Central Europe Holding B.V.	Amsterdam	0.00	100.00	100.00	118

No.	Company	Domicile	Held directly % 1)	Held indirectly % 1)	Effective net holding % 1)	Via no.
128	HCI U.S.A. Holdings B.V.	Amsterdam	0.00	100.00	100.00	119
129	Holland Chemical International B.V.	Dordrecht	0.00	100.00	100.00	118
Nigeria						
130	Brenntag Chemicals Nigeria Limited	Matori-Lagos	0.00	90.00 10.00	100.00	118 127
Norway						
131	BRENNTAG NORDIC AS	Borgenhaugen	0.00	100.00	100.00	153
Austria						
132	Brenntag Austria GmbH	Vienna	0.00	99.90 0.10	100.00	133 44
133	Brenntag Austria Holding GmbH	Vienna	0.00	100.00	100.00	8
134	JLC-Chemie Handels GmbH	Wiener Neustadt	0.00	100.00	100.00	132
135	Provida GmbH	Vienna	0.00	100.00	100.00	132
Panama						
136	BRENNTAG PANAMA S.A.	Panama City	0.00	100.00	100.00	118
Peru						
137	BRENNTAG PERU S.A.C.	Lima	0.00	100.00 0.00	100.00	118 127
Philippines						
138	BRENNTAG INGREDIENTS INC.	Muntinlupa City	0.00	100.00	100.00	118
Poland						
139	BCD POLYMERS Sp. z o.o.	Suchy Las	0.00	100.00	100.00	9
140	BCD Polska Sp. z o.o	Warsaw	0.00	100.00	100.00	9
141	BRENNTAG Polska sp. z o.o.	Kedzierzyn-Kozle	0.00	61.00 39.00	100.00	8 132
142	Eurochem Service Polska sp. z o.o.	Warsaw	0.00	100.00	100.00	141
143	Fred Holmberg & Co Polska Sp.z o.o.	Warsaw	0.00	100.00	100.00	141
144	Obsidian Company sp. z o.o.	Warsaw	0.00	100.00	100.00	141
145	PHU ELMAR sp. z o.o.	Bydgoszcz	0.00	100.00	100.00	141
Portugal						
146	Brenntag Portugal - Produtos Quimicos, Lda.	Lordelo	0.00	73.95 26.05	100.00	46 118
Puerto Rico						
147	Brenntag Puerto Rico, Inc.	Caguas	0.00	100.00	100.00	118
Republic of Serbia						
148	Brenntag d.o.o. Beograd-Savski Venac	Belgrade	0.00	100.00	100.00	118
Romania						
149	BRENNTAG S.R.L.	Chiajna	0.00	100.00	100.00	127
Russia						
150	OOO BRENNTAG	Moscow	0.00	100.00	100.00	132
151	OOO MULTISOL	Moscow	0.00	100.00	100.00	226

No.	Company	Domicile	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via no.
Saudi Arabia						
152	Brenntag Saudi Arabia Limited	Riad	0.00	75.00	38.25	216
Sweden						
153	Brenntag Nordic AB	Malmö	0.00	100.00	100.00	118
154	Sundsdepån AB	Kalmar	0.00	100.00	100.00[2]	153
Switzerland						
155	Brenntag Schweizerhall AG	Basel	0.00	100.00	100.00	70
Singapore						
156	BRENNTAG ASIA PACIFIC PTE. LTD.	Singapore	0.00	100.00	100.00	118
157	BRENNTAG PTE. LTD.	Singapore	0.00	100.00	100.00	156
158	DigiB Asia Pacific Pte. Ltd.	Singapore	0.00	100.00	100.00	125
159	TEE HAI CHEM PTE LTD	Singapore	0.00	51.00	51.00	118
Slovakia						
160	BRENNTAG SLOVAKIA s.r.o.	Pezinok	0.00	100.00	100.00	132
Slovenia						
161	BRENNTAG LJUBLJANA d.o.o.	Ljubljana	0.00	100.00	100.00	132
Spain						
162	BRENNTAG QUIMICA, S.A.U.	Dos Hermanas	0.00	100.00	100.00	70
163	Devon Chemicals S.A.	Barcelona	0.00	100.00	100.00	118
Sri Lanka						
164	BRENNTAG LANKA (PRIVATE) LIMITED	Athurugiriya	0.00	100.00	100.00	118
South Africa						
165	BRENNTAG SOUTH AFRICA (PTY) LTD	Midrand	0.00	100.00	100.00	118
166	FORMERBSA (PTY) LTD	Cape Town	0.00	100.00	100.00	118
167	LIONHEART CHEMICAL ENTERPRISES (PROPRIETARY) LIMITED	Cape Town	0.00	100.00	100.00	118
168	Multisol South Africa (Proprietary) Limited	Cape Town	0.00	100.00	100.00	227
169	PROTANK (Proprietary) Limited	Durban	0.00	71.10	71.10	165
South Korea						
170	Brenntag Korea Co., Ltd.	Gwacheon-si	0.00	100.00	100.00	46
Taiwan						
171	Brenntag Taiwan Co., Ltd.	Taipei	0.00	100.00	100.00	118
172	NEUTO CHEMICAL CORP.	Taipei	0.00	100.00	100.00	118
Tanzania						
173	Brenntag Tanzania Limited	Daressalam	0.00	99.99 0.01	100.00	118 127
Thailand						
174	Brenntag Enterprises (Thailand) Co., Ltd.	Bangkok	0.00	51.00 49.00	100.00	177 118
175	Brenntag Ingredients (Thailand) Public Company Limited	Bangkok	0.00	51.00 49.00	100.00	174 118

No.	Company	Domicile	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via no.
176	Brenntag Lubricants (Thailand) Co., Ltd.	Bangkok	0.00	98.00 1.00 1.00	100.00	118 156 157
177	Brenntag Service (Thailand) Co., Ltd.	Bangkok	0.00	51.01 48.99	100.00	174 118
178	Thai-Dan Corporation Limited	Bangkok	0.00	99.90 0.05 0.05	100.00	175 177 174
Czech Republic						
179	Brenntag CR s.r.o.	Prague	0.00	100.00	100.00	132
Turkey						
180	BRENNTAG KIMYA TICARET LIMITED SIRKETI	Istanbul	0.00	100.00	100.00	132
Tunisia						
181	Brenntag Tunisie SARL	Fouchana	0.00	100.00	99.94	71
Uganda						
182	Brenntag Uganda Limited	Kampala	0.00	99.00 1.00	100.00	118 127
Ukraine						
183	TOB BRENNTAG UKRAINE	Kyiv	0.00	100.00	100.00	203
184	TOB TRIDE	Kyiv	0.00	100.00	100.00	132
Hungary						
185	BCB Union Kft.	Budapest	0.00	96.67 3.33	100.00	118 126
186	BRENNTAG Hungaria Kft.	Budapest	0.00	97.93 2.07	100.00	132 127
Uruguay						
187	BRENNTAG SOURCING URUGUAY S.A.	Colonia del Sacramento	0.00	100.00	100.00	118
USA						
188	Alphamin Inc.	Dallas/Texas	0.00	100.00	100.00	8
189	Altivia Louisiana, L.L.C.	St. Gabriel/Louisiana	0.00	100.00	100.00	200
190	BWEV, LLC	Wilmington/Delaware	0.00	100.00	100.00	194
191	Brenntag Global Marketing, LLC	Wilmington/Delaware	0.00	100.00	100.00	197
192	Brenntag Great Lakes, LLC	Chicago/Illinois	0.00	100.00	100.00	128
193	Brenntag Latin America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	197
194	Brenntag Lubricants, LLC	Wilmington/Delaware	0.00	100.00	100.00	197
195	Brenntag Mid-South, Inc.	Henderson/Kentucky	0.00	100.00	100.00	197
196	Brenntag North America Foreign Holding, LLC	Wilmington/Delaware	0.00	100.00	100.00	197
197	Brenntag North America, Inc.	Wilmington/Delaware	0.00	100.00	100.00	118

No.	Company	Domicile	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via no.
198	Brenntag Northeast, LLC	Wilmington/ Delaware	0.00	100.00	100.00	197
199	Brenntag Pacific, Inc.	Wilmington/ Delaware	0.00	100.00	100.00	197
200	Brenntag Southwest, Inc.	Longview/Texas	0.00	100.00	100.00	197
201	Brenntag Specialties, LLC	Wilmington/ Delaware	0.00	100.00	100.00	197
202	Coastal Chemical Co., L.L.C.	Abbeville/ Louisiana	0.00	100.00	100.00	128
203	Dipol Chemical International, Inc.	New York/ New York	0.00	100.00	100.00	132
204	J.A.M. Distributing Company, LLC	Wilmington/ Delaware	0.00	100.00	100.00	194
205	J.R.R.W. Transport, LLC	Wilmington/ Delaware	0.00	100.00	100.00[2]	206
206	JM Swank, LLC	Wilmington/ Delaware	0.00	100.00	100.00[2]	213
207	Lentz Logistics, LLC	Wilmington/ Delaware	0.00	100.00	100.00[2]	208
208	Lentz Milling Company, LLC	Wilmington/ Delaware	0.00	100.00	100.00[2]	213
209	Liberty Branded Foods, LLC	Wilmington/ Delaware	0.00	100.00	100.00[2]	213
210	New Jersey Lube Oil, LLC	East Hartford/ Connecticut	0.00	100.00	100.00	194
211	Storm Chaser Holding Corporation	Wilmington/ Delaware	0.00	100.00	100.00[2]	201
212	Storm Chaser Intermediate Holding Corporation	Wilmington/ Delaware	0.00	100.00	100.00[2]	211
213	Storm Chaser Intermediate Holding II Corporation	Wilmington/ Delaware	0.00	100.00	100.00[2]	212
United Arab Emirates						
214	Raj Petro Specialties DMCC	Dubai	0.00	100.00	65.00	87
215	Trychem Chemicals Trading L.L.C	Abu Dhabi	0.00	100.00	51.00	216
216	Trychem FZCO	Jebel Ali, Dubai	0.00	51.00	51.00	118
217	Trychem Trading L.L.C.	Port Saeed, Dubai	0.00	100.00	51.00	216
United Kingdom						
218	A1 Cake Mixes Limited	Glasgow	0.00	50.00 50.00	100.00	225 223
219	BRENNTAG PACKED CHEMICALS LIMITED	Leeds	0.00	100.00	100.00[2]	224
220	Brenntag Colours Limited	Leeds	0.00	100.00	100.00	223
221	Brenntag Inorganic Chemicals (Thetford) Limited i. L.	Leeds	0.00	100.00	100.00	223
222	Brenntag Inorganic Chemicals Limited	Leeds	0.00	100.00	100.00	223
223	Brenntag UK Holding Limited	Leeds	0.00	100.00	100.00	70
224	Brenntag UK Limited	Leeds	0.00	100.00	100.00	223
225	Kluman and Balter Limited	Leeds	0.00	100.00	100.00	223

No.	Company	Domicile	Held directly % [1]	Held indirectly % [1]	Effective net holding % [1]	Via no.
226	Multisol Europe Limited	Leeds	0.00	100.00	100.00	227
227	Multisol Group Limited	Leeds	0.00	100.00	100.00	228
228	Multisol Limited	Leeds	0.00	100.00	100.00	223
229	Murgatroyd's Salt & Chemical Company Limited	Leeds	0.00	100.00	100.00	222
230	Tan International Limited i. L.	Leeds	0.00	100.00	100.00	223
Vietnam						
231	BRENNTAG VIETNAM COMPANY LIMITED	Ho Chi Minh City	0.00	100.00	100.00	157
232	NAM GIANG COMMERCIAL SERVICE CO.,LTD	Ho Chi Minh City	0.00	0.00	0.00[3]	1

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Denmark						
233	Borup Kemi I/S	Borup	0.00	33.33	33.33	34
Germany						
234	SOFT CHEM GmbH	Laatzen	0.00	33.40	17.03	59
Thailand						
235	Berli Asiatic Soda Co., Ltd.	Bangkok	0.00	50.00	50.00	175

[1] Share in the capital of the company
[2] Business combination in accordance with IFRS 3
[3] Structured entity

FURTHER INFORMATION

RESPONSIBILITY STATEMENT 2021

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Essen, March 3, 2022

Brenntag SE
BOARD OF MANAGEMENT

Dr Christian Kohlpaintner

Henri Nejade

Steven Terwindt

Ewout van Jarwaarde

INDEPENDENT AUDITOR'S REPORT

TO BRENNTAG SE, ESSEN

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of Brenntag SE, Essen, and its subsidiaries (the Group), which comprise consolidated statement of financial position as at December 31, 2021, consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Brenntag SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1, through December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to sub-sequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1) Implementation of new segment reporting
2) Recoverability of goodwill
3) Accounting treatment of business combinations
4) Measurement of environmental provisions
5) Valuation of risks posed by excise taxes

Our presentation of these key audit matters has been structured in each case as follows:

1) Matter and issue
2) Audit approach and findings
3) Reference to further information

Hereinafter we present the key audit matters:

1) Implementation of new segment reporting

1) As part of its "Project Brenntag" transformation program, as of January 1, 2021 Brenntag reorganized its management structure, which had previously been broken down along geographical lines, into two global divisions – "Brenntag Essentials" and "Brenntag Specialties" – that are each managed via geographical segments. The Brenntag Essentials global division comprises the geographical segments EMEA, North America, Latin America, and APAC. The Brenntag Specialties global division covers the geographical segments EMEA, Americas, and APAC. In addition, "all other segments" comprise the Group-wide central functions, the Business Services, activities to digitalize the Group, and the international business of Brenntag International Chemicals GmbH. Since the new management approach is used as a basis for determining the reportable segments under IFRS 8, the revised management structure resulted in a change to the Brenntag Group's segment reporting. From our point of view, this matter was of particular significance because the changed segment reporting has a material impact on the internal business and reporting processes within the Brenntag Group and exerts a decisive influence on the financial reporting in the Company's consolidated financial statements and Group management report.

2) As part of our audit and in accordance with the management approach under IFRS 8, we evaluated the Company's internal management reporting for fiscal year 2021 in respect of the responsible segment managers and their decisions on resource allocation and the performance of the individual segments. To the extent identified operating segments were aggregated into reportable segments for the purposes of financial reporting, we assessed whether the aggregation criteria under IFRS 8.12 et seq. were met. In addition, we assessed the implementation of the new operating segments in the Group's IT systems and business processes, and evaluated the segment disclosures in the consolidated financial statements and Group management report derived from them. With respect to the restated comparative information for fiscal year 2020, we critically assessed the policies and assumptions and their implementation in the reporting. Based on our audit procedures, we were able to satisfy ourselves that the segment-related disclosures in the Company's financial reporting were presented fully and properly in terms of content, and that the changes made to the segment reporting are consistent with the realignment of the management structure.

3) The Company's disclosures on segment reporting are contained in the section entitled "Accounting and measurement policies" and number "29.) Segment reporting" of the notes to the consolidated financial statements.

2) Recoverability of goodwill

1) Goodwill amounting to EUR 3.0 billion (29% of consolidated total assets) is reported under the "Intangible assets" item in the consolidated balance sheet of Brenntag SE. The Company allocates goodwill to the respective groups of cash-generating units, and modified this allocation as of January 1, 2021 in line with the amended segment reporting. Goodwill is tested for impairment by the Company once a year as of the end of the reporting period, or when there are indications of impairment. The Company engaged an external expert to carry out the impairment testing. The basis for the measurement is generally the present value of the future cash flows of the respective group of cash-generating units, which is calculated as fair value less costs of disposal and compared against the carrying amount of the respective group of cash-generating units, including goodwill. Present values are calculated using discounted cash flow models. The business valuation model is based on cash flow projections, which in

turn are based on the five-year plan approved by the executive directors and applicable at the time the impairment test is carried out. The planning is based on the executive directors' fundamental growth assumptions, which are specified in detail by the budget managers in the context of bottom-up planning for the first three years and consolidated into a medium-term business plan at segment level. The Management Board extrapolates them for a further two years taking into account information from the planning process. The discount rate used is the weighted cost of capital for the relevant group of cash-generating units. The result of this measurement depends to a large extent on the executive directors' assessment of future cash inflows and the discount rate used, and is therefore subject to uncertainty. Therefore, it was of particular significance in the context of our audit to judge whether or not the goodwill was impaired and assess its reallocation due to the modified segment reporting as of January 1, 2021.

2) As part of our audit, among other things we evaluated the methodology used to perform impairment tests and the reallocation of goodwill due to the modified segment reporting as of January 1, 2021, and assessed the calculation of the weighted cost of capital. We assessed the appropriateness of the future cash inflows used in the calculation, among other procedures by comparing this information against the five-year plan adopted by the executive directors, as well as by reconciling the underlying assumptions with general and sector-specific market expectations. In this context, we also assessed whether the costs of Group functions were properly included in the impairment tests on the respective cash-generating units. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we also focused our testing on the parameters used to determine the discount rate applied, and assessed the calculation model. We furthermore assessed the usability of the external opinion and the appropriateness of the raw data underlying the expert opinion, the assumptions made, the methods used and how consistent these were in comparison to prior periods. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3) The Company's disclosures on goodwill are contained in section "18.) Intangible assets" of the notes to the consolidated financial statements.

3) Accounting treatment of business combinations

1) The Brenntag Group made extensive acquisitions in fiscal year 2021, including in Storm Chaser Holding Corporation (JM Swank) with its registered office in Wilmington, Delaware (United States) and Zhongbai Xingye Food Technology (Beijing) Co., Ltd., Beijing (China), and also acquired the operating assets and distribution business of Matrix Chemical, LLC, with its registered office in Plano, Texas (United States). Taking into account net assets acquired of EUR 170.7 million attributable to Brenntag (in relation to 100%), the transactions generated EUR 275.4 million in goodwill acquired. In addition, the Group brought its valuation of the assets and liabilities resulting from prior-year acquisitions to a timely close in the reporting period with valuation adjustments relating to net assets acquired (EUR +32.7 million) and goodwill (EUR +17.6 million). Given the material overall effect of the amounts involved in the acquisitions on the net assets, financial position, and results of operations of the Brenntag Group and given the complexity of valuing the acquisitions, these were of particular significance in the context of our audit.

2) In reviewing the accounting treatment of the acquisitions, we began by inspecting and assessing the respective contractual agreements underlying the acquisitions and reconciled the purchase prices paid as consideration for the acquired business operations with the supporting payment documentation provided to us. We assessed the opening balance sheet figures underlying the above-mentioned acquisitions. We assessed fair values that were measured centrally (e.g., of customer relationships) by reconciling the numerical data with the original financial accounts and the parameters used. We also used checklists to establish whether the requirements set out in IFRS 3 for disclosures in the notes to the financial statements had been complied with in full. We also assessed the valuation adjustments made to the assets and liabilities resulting from the prior-year acquisitions. Based on these and other audit procedures performed and the information available, we were able to satisfy ourselves that the acquisition of the respective shares was properly presented.

3) The Company's disclosures on acquisitions are contained in the section entitled "Business combinations in accordance with IFRS 3" of the notes to the consolidated financial statements.

4) Measurement of environmental provisions

1) As of December 31, 2021, the environmental provisions recognized in the consolidated financial statements of Brenntag SE (primarily for the decontamination of soil and groundwater at current and former Company-owned or leased sites) amounted to EUR 97.1 million. The provisions also include contingent liabilities of EUR 20.6 million for which cash outflows are not likely but nonetheless possible. Due to purchase price allocations, these were reported in the consolidated balance sheet under acquisitions in accordance with IFRS 3. The recognition of environmental provisions at the subsidiaries was coordinated centrally by an external expert. In addition, another auditing firm assisted the Company in measuring the provisions and summarized the results in an expert report. The environmental provisions were recognized at the present value of the expected expenditures, taking into account future inflation-related increases. The provisions were discounted using interest rates for risk-free assets with matching terms for each functional currency. Due to the nature and large number of influencing factors that need to be taken into account when calculating environmental provisions, their measurement is subject to considerable uncertainties and as such was of particular significance overall in the context of our audit.

2) As part of our audit, among other things we assessed the appropriateness of the measurement models used and the assumptions. Accordingly, we evaluated and assessed the underlying future cash outflows calculated by the Group companies. We also reviewed measurement parameters (in particular inflation rates, discount rates and currency translation from the functional to the reporting currency) used by the Company. Furthermore, we reviewed and assessed the mathematical accuracy of the calculations and the appropriateness of the calculations performed by the other auditing firm in its sensitivity analyses. In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of properly measuring environmental provisions.

3) The Company's disclosures on the measurement of environmental provisions are contained in the sections entitled "Environmental provisions" and "Assumptions and estimates" of the notes to the consolidated financial statements.

5) Valuation of risks posed by excise taxes

1) The Germany-based Group companies BRENNTAG GmbH and BCD Chemie GmbH are regularly inspected by the German customs authorities in relation to alcohol and energy taxes. Contrary to the legal opinion that Brenntag has held, in fiscal year 2021 the two German companies were issued tax assessment notices covering the assessment periods 2014 to 2016 for a total of EUR 94.0 million in alcohol tax, which resulted in corresponding cash outflows. Brenntag has appealed against these assessment notices. In addition, the Group recognized additional provisions and liabilities totaling EUR 81.5 million as of the end of the reporting period due to the changed estimate of risks relating to assessment periods for which assessment notices have not yet been issued. Due to the nature and large number of influencing factors that need to be taken into account when calculating provisions for excise taxes, their measurement is subject to considerable uncertainties and as such was of particular significance overall in the context of our audit.

2) As part of our audit, with the involvement of customs and excise tax experts we began by assessing the substance of the excise tax risks in respect of their existence and amount. We were given access to audit reports, tax assessment notices and other correspondence between the Brenntag companies and the customs authorities. In addition, we examined the external letters of confirmation from the tax advisors engaged by Brenntag. We evaluated and critically assessed the valuation assumptions and probabilities of occurrence underlying Brenntag's calculations of the provisions. We believe that the valuation parameters and underlying valuation assumptions used by the executive directors are appropriate overall for the purpose of accurately measuring the provisions for excise tax risks.

3) The Company's disclosures relating to the provisions described and the circumstances are contained in sections "24.) Other provisions" and "31.) Legal proceedings and disputes" of the notes to the consolidated financial statement.

Other Information

The executive directors are responsible for the other information.

The other information comprises the

- statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report,
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB, which is expected to be made available to us after the date of the auditor's report,
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible, which we obtained prior to the date of our auditor's report,
- all other remaining parts of the annual report, which we obtained prior to the date of our auditor's report– excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "Brenntag_SE_KA+LB_ESEF-2022-03-03.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes com-plies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 through December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 10, 2021. We were engaged by the supervisory board on June 21, 2021. We have been the group auditor of Brenntag SE, Essen without interruption since the Company first met the requirements of a public-interest entity within the meaning of § 319a Abs. 1 Satz 1 HGB in financial year 2010.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christiane Lawrenz.

Düsseldorf, March 7, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christiane Lawrenz	ppa. Daniel Deing
Wirtschaftsprüferin	Wirtschaftsprüfer
(German public auditor)	(German public auditor)

SEGMENT REPORTING

BUSINESS PERFORMANCE OF THE BRENNTAG GROUP

in EUR m	2021	2020	Change abs.	Change in %	Change in % (fx adj.)
Sales	14,382.5	11,794.8	2,587.7	21.9	23.8
Operating gross profit	3,379.0	2,869.4	509.6	17.8	19.6
Operating expenses	−2,034.4	−1,811.7	−222.7	12.3	13.9
Operating EBITDA	**1,344.6**	**1,057.7**	**286.9**	**27.1**	**29.5**
Net income/expense from special items	−228.7	−47.2	−181.5	–	–
Depreciation of property, plant and equipment	−262.7	−252.4	−10.3	4.1	–
EBITA	853.2	758.1	95.1	12.5	–
Amortization of intangible assets	−110.8	−45.1	−65.7	145.7	–
Net finance costs	−92.1	−79.7	−12.4	15.6	–
Profit before tax	650.3	633.3	17.0	2.7	–
Income tax expense	−188.9	−159.5	−29.4	18.4	–
Profit after tax	461.4	473.8	−12.4	−2.6	–

E.01 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP 12 M 2021/2021

in EUR m	Q4 2021	Q4 2020	Change abs.	Change in %	Change in % (fx adj.)
Sales	4,041.7	2,880.4	1,161.3	40.3	37.0
Operating gross profit	913.5	702.9	210.6	30.0	26.5
Operating expenses	−567.2	−448.8	−118.4	26.4	23.1
Operating EBITDA	**346.3**	**254.1**	**92.2**	**36.3**	**32.5**
Net income/expense from special items	−124.6	−13.8	−110.8	–	–
Depreciation of property, plant and equipment	−70.8	−62.8	−8.0	12.7	–
EBITA	150.9	177.5	−26.6	−15.0	–
Amortization of intangible assets	−19.1	−11.6	−7.5	64.7	–
Net finance costs	−42.9	−17.8	−25.1	141.0	–
Profit before tax	88.9	148.1	−59.2	−40.0	–
Income tax expense	−25.9	−32.9	7.0	−21.3	–
Profit after tax	63.0	115.2	−52.2	−45.3	–

E.02 BUSINESS PERFORMANCE OF THE BRENNTAG GROUP Q4 2021/2020

Period from January 1 to December 31 in EUR m	Brenntag Essentials	Brenntag Specialties	All other Segments	Group
External sales				
2021	7,815.4	6,003.3	563.8	14,382.5
2020	6,470.2	5,020.7	303.9	11,794.8
fx adj. change in %	22.4	21.8	85.5	23.8
Operating gross profit				
2021	2,066.9	1,283.2	28.9	3,379.0
2020	1,806.2	1,042.4	20.8	2,869.4
fx adj. change in %	16.1	25.4	38.9	19.6
Operating EBITDA (segment result)				
2021	843.0	567.5	−65.9	1,344.6
2020	664.9	432.2	−39.4	1,057.7
fx adj. change in %	28.6	34.3	67.3	29.5
Operating EBITA				
2021	619.6	534.9	−72.6	1,081.9
2020	448.5	401.9	−45.1	805.3
fx adj. change in %	40.4	36.0	61.3	37.0

E.03 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP 12M 2021 / 2020

Period from October 1 to December 31 in EUR m	Brenntag Essentials	Brenntag Specialties	All other Segments	Group
External sales				
2021	2,216.2	1,683.5	142.0	4,041.7
2020	1,573.2	1,224.2	83.0	2,880.4
fx adj. change in %	36.7	35.0	71.2	37.0
Operating gross profit				
2021	551.1	355.7	6.7	913.5
2020	439.2	258.4	5.3	702.9
fx adj. change in %	21.5	35.1	26.4	26.5
Operating EBITDA (segment result)				
2021	208.5	150.3	−12.5	346.3
2020	158.1	106.9	−10.9	254.1
fx adj. change in %	27.2	38.8	16.5	32.5
Operating EBITA				
2021	148.5	141.4	−14.4	275.5
2020	104.6	99.1	−12.4	191.3
fx adj. change in %	36.6	40.9	17.7	40.0

E.04 RECONCILIATION OF THE REPORTABLE SEGMENTS TO THE GROUP Q4 2021 / 2020

Period from January 1 to December 31 in EUR m	EMEA[1]	North America	Latin America	APAC[2]	Central activities[3]	**Brenntag Essentials**
External sales						
2021	3,186.7	3,268.5	634.5	725.7	–	7,815.4
2020	2,678.7	2,681.9	555.1	554.5	–	6,470.2
fx adj. change in %	18.7	25.3	20.1	29.5	–	22.4
Operating gross profit						
2021	802.2	999.9	151.6	113.2	–	2,066.9
2020	741.4	830.4	133.8	100.6	–	1,806.2
fx adj. change in %	7.8	23.8	19.1	11.9	–	16.1
Operating EBITDA (segment result)[4]						
2021	330.8	414.7	53.2	45.0	−0.7	843.0
2020	264.8	318.3	45.0	37.7	−0.9	664.9
fx adj. change in %	24.3	34.1	24.9	18.1	−22.2	28.6

E.05 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION 12M 2021 / 2020

[1] Europe, Middle East & Africa.
[2] Asia Pacific including the China and Hong Kong segment, which is presented separately internally.
[3] Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Period from October 1 to December 31 in EUR m	EMEA[1]	North America	Latin America	APAC[2]	Central activities[3]	**Brenntag Essentials**
External sales						
2021	881.7	945.6	180.3	208.6	–	2,216.2
2020	644.2	629.4	141.4	158.2	–	1,573.2
fx adj. change in %	35.4	43.6	25.3	24.5	–	36.7
Operating gross profit						
2021	210.1	268.7	41.6	30.7	–	551.1
2020	179.3	195.3	35.1	29.5	–	439.2
fx adj. change in %	15.8	31.1	16.5	−1.3	–	21.5
Operating EBITDA (segment result)[4]						
2021	85.3	98.5	13.7	9.7	1.3	208.5
2020	57.8	74.2	13.2	13.1	−0.2	158.1
fx adj. change in %	45.1	25.8	3.1	−30.6	−750.0	27.2

E.06 SEGMENT REPORTING ON THE GLOBAL ESSENTIALS DIVISION Q4 2021 / 2020

[1] Europe, Middle East & Africa.
[2] Asia Pacific including the China and Hong Kong segment, which is presented separately internally.
[3] Central activities which are part of Brenntag Essentials but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Period from January 1 to December 31 in EUR m	EMEA[1]	Americas[2]	APAC	Central activities[3]	Brenntag Specialties
External sales					
2021	2,753.0	2,170.0	1,080.3	–	6,003.3
2020	2,348.8	1,792.5	879.4	–	5,020.7
fx adj. change in %	18.4	24.6	25.5	–	21.8
Operating gross profit					
2021	594.5	459.2	229.5	–	1,283.2
2020	494.3	366.2	181.9	–	1,042.4
fx adj. change in %	21.3	29.1	29.2	–	25.4
Operating EBITDA (segment result)[4]					
2021	276.5	180.3	111.8	−1.1	567.5
2020	212.6	134.6	85.5	−0.5	432.2
fx adj. change in %	32.2	38.2	33.7	120.0	34.3

E.07 SEGMENT REPORTING ON THE GLOBAL SPECIALITIES DIVISION 12M 2021 / 2020

[1] Europe, Middle East & Africa.
[2] North and Latin America.
[3] Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

Period from October 1 to December 31 in EUR m	EMEA[1]	Americas	APAC[2]	Central activities[3]	Brenntag Specialties
External sales		0			
2021	706.5	656.4	320.6	–	1,683.5
2020	576.9	423.6	223.7	–	1,224.2
fx adj. change in %	22.7	48.7	40.4	–	35.0
Operating gross profit		0			
2021	153.8	136.6	65.3	–	355.7
2020	121.8	85.2	51.4	–	258.4
fx adj. change in %	26.4	53.5	24.9	–	35.1
Operating EBITDA (segment result)[4]					
2021	70.7	51.8	28.1	−0.3	150.3
2020	51.4	29.1	26.5	−0.1	106.9
fx adj. change in %	39.1	70.0	4.2	300.0	38.8

E.08 SEGMENT REPORTING ON THE GLOBAL SPECIALITIES DIVISION Q4 2021 / 2020

[1] Europe, Middle East & Africa.
[2] North and Latin America.
[3] Central activities which are part of Brenntag Specialties but not directly attributable to any one segment.
[4] Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges and special items.

GLOSSARY

A

APAC | Asia Pacific, China and Hong Kong.

B

BEST | BEST (Brenntag Enhanced Safety Thinking) is a global Brenntag initiative to improve the safety behavior / the safety culture in the whole company.

BRENNTAG BUSINESS SERVICES | Brenntag Business Services were introduced to support the two divisions, Brenntag Essentials and Brenntag Specialties, harmonize internal processes and intensify global collaboration. They have been allocated to "All other Segments".

BRENNTAG ESSENTIALS | The global division "Brenntag Essentials" markets a broad portfolio of process chemicals across a wide range of industries and applications at a local level.

BRENNTAG SPECIALTIES | The global division "Brenntag Specialties" is geared to expanding our market position as the leading supplier of specialty chemicals in six selected focus industries worldwide: Nutrition, Pharma, Personal Care / HI&I (Home, Industrial & Institutional), Material Science (Coatings & Construction, Polymers, Rubber), Water Treatment and Lubricants.

C

CONVERSION RATIO | The conversion ratio at Brenntag is calculated as the quotient of operating EBITDA and operating gross profit. It represents one of the most important efficiency ratios.

D

DIVERSIFICATION | Diversification at Brenntag means a broad range as regards geography, end markets, customers, products and suppliers. This high degree of diversification makes Brenntag largely independent of individual market segments or regions.

DIVISION | Since the beginning of 2021, we have been managing Brenntag through two global divisions: "Brenntag Essentials" and "Brenntag Specialties".

E

EMEA | Europe, Middle East & Africa

G

GLOBAL KEY ACCOUNTS | At Brenntag, we take care of our key accounts at local, national, pan-regional and global level and develop and implement tailor-made concepts for their optimum supply with industrial and specialty chemicals. For our customers, this means they can concentrate on their core business secure in the knowledge that they have a partner they can rely on.

I

IBC | IBC stands for intermediate bulk container. IBCs are used mostly for storing and transporting liquids. A capacity of 1,000 litres is typical.

ICTA | The ICTA (International Chemical Trade Association was established in 2016 and replaced the ICCTA as international council for chemical trade associations. It represents the interests of over 1,300 chemical distributors worldwide. ICTA provides a worldwide network, coordinating work on issues and programmes of international interest across chemical trade associations.

INDUSTRIAL CHEMICALS | Industrial chemicals is the term used at Brenntag to distinguish standard chemical products that have specific properties and effects from ➔ speciality chemicals. The manufacturer of the product is generally irrelevant for the user.

J

JUST-IN-TIME DELIVERY | With just-in-time deliveries, the customer does not store supplies but orders the products as required ("just in time") from the supplier.

L

LEVERAGE | This term has various meanings in the world of finance. In this document, it refers to the ratio of net debt to operating EBITDA.

M

MIXING & BLENDING | The term "mixing & blending" describes the mixing and formulation of solid and liquid chemicals in the correct mixing ratio with consistent quality as well as the filling of products in the desired packaging unit. Brenntag offers its customers not just distribution services but the complete mixing & blending of end products as a value-added service.

O

ONE-STOP-SHOP | One-stop shop means that our customers can obtain a comprehensive range of specialty and industrial chemicals and services from a single source.

OUTSOURCING | Outsourcing at Brenntag is understood to mean that chemical manufacturers pass on their small and medium-sized customers to Brenntag who then obtain their chemicals from Brenntag.

P

PACKAGING | Packaging refers to packing or packing material.

PACKING DRUM | A packing drum is a packing unit in which a product is sold and delivered. Typical packing drum sizes are e.g. cans, barrels or ➔ IBCs.

PROJECT BRENNTAG | "Project Brenntag" comprises a holistic analysis of the company and, building on this, a broad-based transformation program.The core elements are the new operating model comprising two global segments with a strong focus on customer and supplier requirements, a distinct go-to-market approach derived from that, (infra-)structural topics as well as supporting people and change management measures.

R

REACH | REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

RESPONSIBLE CARE / RESPONSIBLE DISTRIBUTION | Responsible Care / Responsible Distribution (RC/RD) is a global initiative of the chemicals industry and chemicals traders. It is a voluntary commitment to act responsibly and do more than is required by law: to promote sustainability, demonstrate product stewardship, make plants and the surrounding areas safer as well as improve occupational health and safety and environmental protection.

S

SEGMENT | Component of an entity which is reported separately. In general, the definition is based on the internal reporting (management approach). The Brenntag Group is managed by geographically structured segments.

SOURCING ACTIVITIES | Brenntag has extensive experience and know-how in managing efficient sourcing relationships with national and international suppliers of chemical products.

SPECIALTY CHEMICAL | Specialty chemicals, which are often developed for customized applications, are distinguished from → industrial chemicals by their individual formulations. Which manufacturer produces the specialty chemical is of prime importance for the user.

SUPPLY CHAIN MANAGEMENT | Brenntag provides large chemical producers and the processing industry with efficient logistics networks. We provide transport, warehousing and distribution and assist production and marketing processes. We warrant highest efficiency and best safety standards. We optimize supply chains, synchronize distribution, take on monitoring tasks, assume responsibility for VMI (Vendor Managed Inventory) and control and schedule follow-up orders for goods.

T

TOGETHER FOR SUSTAINABILITY (TFS) | TfS (Together for Sustainability) is the name of an industry initiative founded by major companies of the chemicals sectors. The purpose is to develop and implement a global audit programme to assess and improve sustainability practices within the supply chains of the chemical industry.

TRADEMARK | A trademark generally refers to a brand name and at Brenntag includes both the name and the blue-red logo.

TRIR | TRIR (Total Recordable Injury Rate) is an international industry widely used performance indicator, indicating how often employees sustain injuries in work-related accidents. It shows the number of persons with work-related injuries requiring medical attention above first-aid per one million hours worked.

FIVE-YEAR OVERVIEW

		2021	2020	2019	2018	2017
Sales	EUR m	14,382.5	11,794.8	12,821.8	12,550.0	11,743.3
Operating gross profit	EUR m	3,379.0	2,869.4	2,821.7	2,660.9	2,554.1
Operating EBITDA	EUR m	1,344.6	1,057.7	1,001.5	875.5	836.0
Operating EBITDA / operating gross profit	%	39.8	36.9	35.5	32.9	32.7
Profit after tax	EUR m	461.4	473.8	469.2	462.3	362.0
Earnings per share	EUR	2.90	3.02	3.02	2.98	2.34

E.09 CONSOLIDATED INCOME STATEMENT

		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Total assets	EUR m	10,195.5	8,143.5	8,564.2	7,694.5	7,284.8
Equity	EUR m	3,995.3	3,611.6	3,579.0	3,301.2	2,985.7
Working capital	EUR m	2,109.8	1,346.6	1,767.7	1,807.0	1,510.5
Net financial liabilities	EUR m	2,070.3	1,339.9	2,060.5	1,761.9	1,571.9

E.10 CONSOLIDATED BALANCE SHEET

		2021	2020	2019	2018	2017
Net cash provided by operating activities	EUR m	388.6	1,219.0	879.3	375.3	404.5
Investments in non-current assets (capex)	EUR m	−214.2	−201.9	−205.2	−172.2	−148.1
Free cash flow[1]	EUR m	424.6	1,054.6	837.3	542.6	386.5

E.11 CONSOLIDATED CASH FLOW

		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Share price	EUR	79.58	63.34	48.48	37.70	52.77
No. of shares (unweighted)		154,500,000	154,500,000	154,500,000	154,500,000	154,500,000
Market capitalization	EUR m	12,295	9,786	7,490	5,825	8,153
Free float	%	100.00	100.00	100.00	100.00	100.00

E.12 KEY DATA ON BRENNTAG SHARES

[1] Calculation based on operating EBITDA.

FINANCIAL CALENDAR
2022

MAY

MAY 11

2022

Interim Report Q1

JUNE

JUN 9

2022

General Shareholders' Meeting

AUGUST

AUG 10

2022

Interim Report Q2

NOVEMBER

NOV 9

2022

Interim Report Q3

The financial calendar is updated regularly. The latest dates can be found on our website at www.brenntag.com/financial_calendar

ISSUER

Brenntag SE
Corporate Investor Relations
Messeallee 11
45131 Essen, Germany
Phone: +49 (0) 201 6496 2100
Fax: +49 (0) 201 6496 2003
E-mail: IR@brenntag.de
Internet: www.brenntag.com

DESIGN

MPM Corporate Communication Solutions
Untere Zahlbacher Straße 13
55131 Mainz, Germany
Phone: +49 (0) 61 31 95 69 0
Fax: +49 (0) 61 31 95 69 112
E-mail: info@mpm.de
Internet: www.mpm.de

CONTACT

Brenntag SE
Corporate Investor Relations
Phone: +49 (0) 201 6496 2100
Fax: +49 (0) 201 6496 2003
E-mail: IR@brenntag.de

INFORMATION ON THE ANNUAL REPORT

This translation is only a convenience translation. In the event of any differences, only the German version is binding. As part of our sustainability activities, we do not print the annual report and publish it exclusively in digital form.

INFORMATION ON ROUNDING

Due to commercial rounding, minor differences may occur when using rounded amounts or rounded percentages.

DISCLAIMER

This report may contain forward-looking statements based on current assumptions and forecasts made by Brenntag SE and other information currently available to the company. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Brenntag SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to adapt them in line with future events or developments.

SUSTAINABILITY

Brenntag reports on sustainability and corporate citizenship in its Sustainability Reports. These can be found at: www.brenntag.com/sustainability_management

Brenntag SE
Corporate Investor Relations
Messeallee 11
45131 Essen
Germany

Phone: +49 (0) 201 6496 2100
Fax: +49 (0) 201 6496 2003
E-mail: IR@brenntag.de